REPORT TO SHAREHOLDERS 2010

Keppel Corporation

Building Strengths

Defining Distinction

Powering Excellence / Harnessing Synergy / Maximising Value

To be the Provider of Choice for Solutions to the Offshore & Marine Industries, Sustainable Environment and Urban Living.

We will develop and execute our business profitably, with Safety and Innovation, guided by our three key business thrusts of Sustaining Growth, Empowering Lives and Nurturing Communities.

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Key Figures 2010

Revenue

$9.8b

Decreased 20% from FY 2009's $12.2 billion.

Net Profit

$1,419m

Increased 12% from FY 2009's $1,265 million.

Return On Equity

22.3%

Decreased by 1.6% from FY 2009's 23.9%.

Economic Value Added

$1,035m

Increased $9 million from FY 2009's $1,026 million.

Earnings Per Share

88.7¢

Increased 12% from FY 2009's 79.4 cents per share.

Cash Dividend Per Share

42.0¢

Increased 11% from FY 2009's 38.0 cents per share.

Free Cash Flow

-$193m

Decreased from FY 2009's free cash flow of $1,097 million.

Net Cash Ratio

0.02x

Decreased from FY 2009's net cash of 0.14x.

Net Profit

→ Focusing on sustaining growth amidst an uncertain economic environment, we achieved a record net profit of $1.4 billion, 12% higher than in 2009.

EVA

→ Committed to enhancing shareholder value, EVA rose to $1,035 million, the highest ever attained by the Group.

Distribution

→ Total cash dividend of 42 cents per share and the proposed bonus issue of one bonus share for every 10 shares serve to reward shareholders.

Group Financial Highlights 2010

Earnings Per Share
(cents)

Return On Equity
(%)

Cash Dividend Per Share
(cents)

Economic Value Added
($ million)

	2010	2009	% Change
For the year ($ million)			
Revenue	**9,783**	12,247	-20%
Profit			
EBITDA	**1,945**	1,679	+16%
Operating	**1,756**	1,505	+17%
Before tax & exceptional items	**2,026**	1,856	+9%
Net profit before exceptional items	**1,419**	1,265	+12%
Attributable after exceptional items	**1,623**	1,625	-0.1%
Operating cash flow	**450**	670	-33%
Free cash flow	**(193)**	1,097	n.m.
Economic Value Added (EVA)			
Before exceptional items	**1,035**	1,026	+1%
After exceptional items	**768**	1,379	-44%
Per share			
Earnings (cents)			
Before tax & exceptional items	**110.8**	98.9	+12%
After tax & before exceptional items	**88.7**	79.4	+12%
After tax & exceptional items	**101.5**	102.0	-0.5%
Net assets ($)	**4.20**	3.75	+12%
Net tangible assets ($)	**4.13**	3.70	+12%
At year-end ($ million)			
Shareholders' funds	**6,740**	5,985	+13%
Non-controlling interests	**2,984**	2,728	+9%
Capital employed	**9,724**	8,713	+12%
Net cash	**178**	1,177	-85%
Net cash ratio (times)	**0.02**	0.14	-86%
Return on shareholders' funds (%)			
Profit before tax & exceptional items	**27.9**	29.8	-6%
Net profit before exceptional items	**22.3**	23.9	-7%
Shareholders' value			
Distribution (cents per share)			
Interim dividend	**16.0**	15.0	+7%
Final dividend	**26.0**	23.0	+13%
Special dividend *in specie*	**–**	23.0	n.m.
Total distribution	**42.0**	61.0	-31%
Share price ($)	**11.32**	8.23	+38%
Total Shareholder Return (%)	**47.0**	100.8	-53%

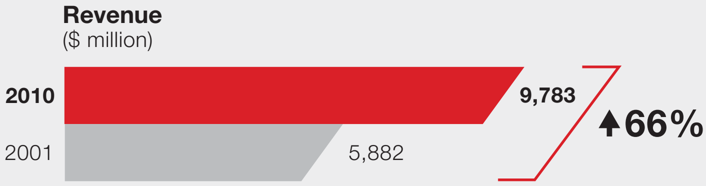
n.m. not meaningful

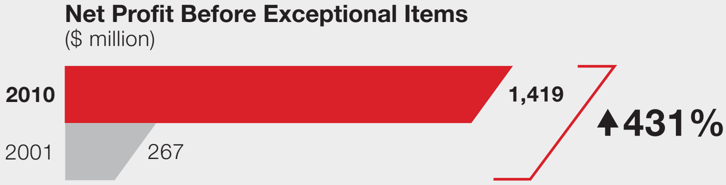
	2010					2009				
	1Q	**2Q**	**3Q**	**4Q**	**Total**	1Q	2Q	3Q	4Q	Total
Group quarterly results ($ million)										
Revenue	**2,473**	**2,416**	**2,450**	**2,444**	**9,783**	2,978	3,202	3,038	3,029	12,247
EBITDA	**451**	**487**	**472**	**535**	**1,945**	356	400	455	468	1,679
Operating profit	**407**	**445**	**427**	**477**	**1,756**	315	357	420	413	1,505
Profit before tax & exceptional items	**465**	**497**	**482**	**582**	**2,026**	400	466	487	503	1,856
Net profit before exceptional items	**322**	**347**	**347**	**403**	**1,419**	285	318	319	343	1,265
Earnings per share (cents)	**20.2**	**21.7**	**21.6**	**25.2**	**88.7**	17.9	19.9	20.1	21.5	79.4

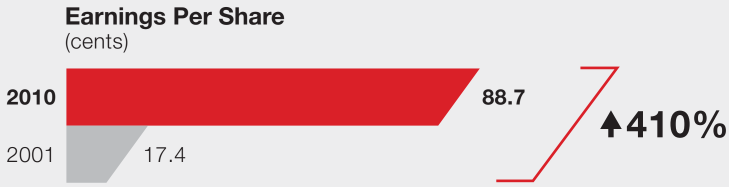
Our Growth Record from 2001 to 2010

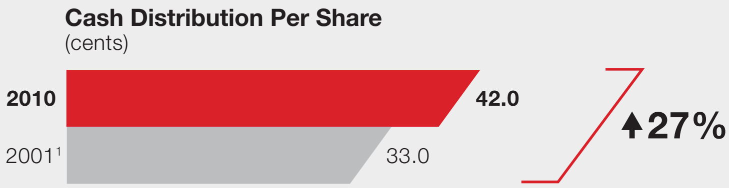
Decade of Growth

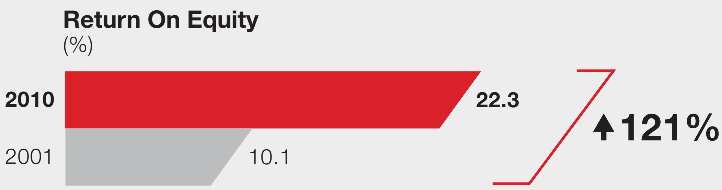
Keppel's unwavering drive for excellence has delivered a decade of healthy growth in net profit, with the Group's 10-year compound annual growth rate (CAGR) at over 20%. As we move into the next decade, we remain committed to building on our strengths and defining our distinction to create more value for our stakeholders.

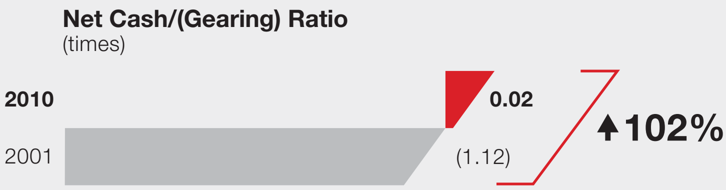


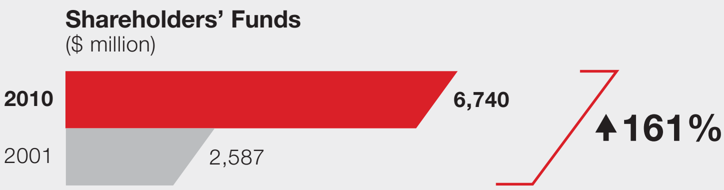












Growing Returns

→ Return on equity rose by 121% over the last decade, from 10.1% to 22.3%, while net profit and earnings per share increased by over 400%.

Robust Financial Strength

→ From a net gearing of 1.12x in 2001 to a net cash of 0.02x in 2010, reflecting our prudent and disciplined financial management over the years.

[1] Include 1.5 cents equivalent of special dividend and 25 cents equivalent of capital distribution.

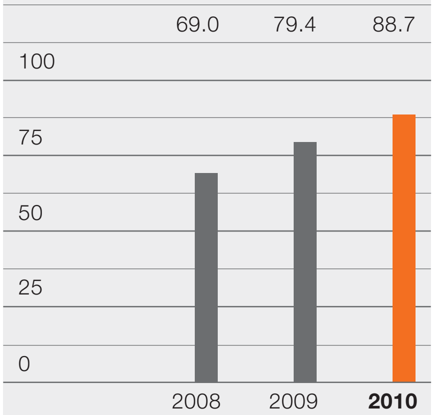
Net Profit

$1,419m

Increased 12% from FY 2009's $1,265 million.

"Our robust business strategy, diversified businesses and core competencies put us in a strong position to seize opportunities and capture value wherever there is economic growth and pickup in demand. We will continue to strengthen our capabilities and build up our resources to further improve execution excellence."

Earnings Per Share
(cents)



DEAR SHAREHOLDERS,

We emerged from the uncertainties and volatility of 2009 with expectation of recovery albeit subdued growth for 2010. As it turned out, Asia rebounded rapidly with property and commodity markets in particular showing strong growth. On the other hand, the developed economies in Europe and the US were weighed down by entrenched problems such as high unemployment and public debt. On balance, the year closed on a mixed but more optimistic note.

Amidst the uneven global recovery, I am particularly delighted to report that Keppel has turned in yet another stellar set of results in 2010, surpassing our previous record results achieved in 2009. This year's results came as a pleasant surprise, given the tentative recovery at the start of 2010 as well as the unexpected events in our industries and markets in the course of the year such as the massive oil spill in the Gulf of Mexico and the property market cooling measures introduced by the governments in Singapore and China.

Excluding exceptional gains, net profit exceeded the $1 billion threshold for a fourth successive year, rising 12% to a new high of $1,419 million. Earnings in the last quarter of 2010 alone reached $400 million, setting yet another record for the Group. Earnings per share rose in tandem to 88.7 cents from 79.4 cents in FY 2009. Return on equity remained above 20% for the fourth successive year. The Company's Economic Value Added (EVA) increased by $9 million to a record $1,035 million, exceeding $1 billion for the second year running.

As shareholders, you will benefit from the good performance. The Board has recommended a full year total cash distribution of 42 cents per share, and a bonus issue of one share for every 10 existing shares. We look forward to your continued support and confidence in Keppel.

The external environment for 2011 will be more complex. Although recovery in the advanced economies seems to be gaining momentum, the outlook remains challenging and somewhat clouded over the next few years. The US economy is recovering in fits and starts on the back of returning business investments and strengthening manufacturing activity.

However, the planned withdrawal of fiscal stimulus will dampen growth and high unemployment continues to be a bugbear. In Europe, many countries are struggling with high unemployment and painful budget cuts. The Eurozone remains dogged by a serious sovereign debt crisis after the bailouts of Greece, Ireland and Portugal failed to restore confidence. Oil prices have gone above US$100 a barrel last year and are expected to remain so in 2011, especially with the current political uncertainties in the Middle East and North Africa region. High oil prices could further dampen global economic recovery. An added worry is the appearance of food price inflation in many countries around the world.

Developing countries are expected to remain resilient this year and contribute up to two-thirds of global economic growth. China achieved 10.3% growth in 2010, with growth in 2011 forecasted to be around 9.8% while India's economy is expected to grow nearly 9% for FY2010. After a contraction in 2009, Singapore's dramatic growth of 14.5% last year was outstanding but we must expect growth to be moderated to a more sustainable range of 4% to 6% in 2011. Inflation and asset bubbles are key concerns and the Singapore Government like others are already taking steps to manage and minimise the impacts from these uptrends. Keppel will fortify and build on its diverse capabilities and manifold strengths to navigate through this complex environment.

KEPPEL'S STRENGTHS

The exceptional performance of 2010 is a testament to the Group's sound strategies and commitment to execution excellence. Our robust business strategy, diversified businesses and core competencies put us in a strong position to seize opportunities and capture value wherever there is economic growth and pickup in demand. We will continue to strengthen our capabilities and build up our resources to further improve execution excellence. We remain deeply committed to financial prudence as well as maximising synergy across the Group's capabilities and businesses. I am confident that Keppel will continue to provide shareholders with a sound investment prospect and healthy returns.

Today, our three key businesses leverage the Group's collective strengths in project management, technology innovation, market focus and global network. We will continue to work ceaselessly to sharpen our focus and further build on our strengths and capabilities to hone our competitive edge and exploit opportunities to extract maximum value for shareholders.

Offshore & Marine

Keppel Offshore & Marine (Keppel O&M) has built up a solid reputation for its relentless focus on execution, project management excellence and maximising operational and cost efficiencies. Keppel O&M successfully delivered 35 projects including 12 rigs safely, on time and within budget. For the offshore and marine industry as a whole, 2010 was a year of weak recovery which closed with a strong rebound. The last quarter saw a resurgence of interest in high-specification jackup rigs resulting in Keppel O&M securing a good number of contracts for its proprietary KFELS B Class design.

Backed by an extensive network of 20 yards and offices worldwide, Keppel O&M continues to innovate and grow its offerings to meet the needs of the market. In 2010, Keppel FELS partnered Seafox, a leading fleet owner and operator, to commercialise a new wind turbine installation vessel design for deeper waters. Our joint venture with J Ray McDermott also secured a US$1 billion contract from Brazil for its tension leg wellhead platform.

Keppel O&M also continued to strengthen its effective '*Near Market, Near Customer*' strategy through calibrated expansion in strategic markets. We acquired a new yard in Santa Catarina to meet the strong local demand in Brazil for offshore support vessels. This yard will also complement our BrasFELS yard, which is one of the most established offshore yards in South America, to support Brazil's plans to grow its offshore oil and gas industry. Building on our partnership with Azerbaijan's national oil company, SOCAR, we took a stake in the Baku Shipyard which will help to meet the growing needs of the oil industry in the Caspian Sea. Keppel's shareholding in Subic Shipyard in the Philippines was raised to better capture opportunities from the increase in general shiprepair and upgrading work. Our joint venture yard, the Nakilat–Keppel Offshore & Marine shipyard in Qatar, was inaugurated in November, and aims to be the preferred partner for solutions in the Middle East.

Infrastructure

The growing pace of urbanisation worldwide means that sustainable energy sources, clean water and waste management will become growth areas. The rising concern over climate change will lead to more legislation and regulations around the world for greater environmental protection and sustainable urbanisation. We anticipate growing demand for sustainable urban solutions to be a driver for our environmental engineering business.

Keppel Integrated Engineering (KIE) will leverage its core competencies in treating waste and water as well as the Group's extensive network to deliver quality environmental solutions. KIE has already established a creditable track record. The Keppel Seghers Tuas Waste-to-Energy (WTE) plant, which is one of the most compact WTE plants in the world, was officially opened in late June. With its two incineration plants, KIE is the only private operator of WTE plants in Singapore and handles almost half the incinerable solid waste here. It is playing a key role in the privatisation of the EU's largest waste and renewable energy project, in a Greater Manchester energy-from-waste plant. KIE also enjoys a strong market position for imported WTE solutions in China, and is providing technology for the country's largest WTE plant located in Shenzhen as well as the cleanest WTE plant located in Tianjin. While there have been some project delays and cost overruns in our integrated solid waste management facility and a wastewater treatment and reuse plant in Qatar, we have also gleaned valuable lessons from this experience of executing large-scale projects in a challenging environment such as the Middle East. KIE will work hard to improve its project management and execution even as it moves to the operations and maintenance phase of these contracts.

The successful listing of the K-Green Trust in late June, with the Senoko and Tuas WTE plants and the Ulu Pandan NEWater facility as underlying assets, offers a new earnings platform for the Group. The Trust has since announced better than forecasted results and is actively seeking to acquire assets with recurring value to grow its portfolio.

To meet the growing demand for logistics in the region, Keppel Telecommunications & Transportation (Keppel T&T) has continued to expand its logistics capacity in Singapore, China and Vietnam. Working with its Middle East partner, Keppel T&T also achieved initial closing of the world's first Shariah-compliant data centre fund to tap into the growing demand for data centres worldwide. For Keppel Energy, its $900 million expansion of its 500 MW co-generation power plant on Jurong Island by another 800 MW is targeted for completion in 2013. This will help us to grow our revenue from Singapore's electricity market.

On safety excellence:
"Safety has long been enshrined as one of Keppel's core values. A safe workplace yields superior operating performance. This is why the Company's Board Safety Committee, which was established in 2006, plays an active role in aligning, reviewing and developing safety policies and initiatives across the Group's different business units."

On the progress of the Tianjin Eco-City:
"The Tianjin Eco-City project has made good progress since its groundbreaking in 2008, having secured around RMB55 billion of investment commitments to-date. This includes leading regional developers who will build a variety of eco-homes, commercial and cultural-leisure developments, as well as eco-technology companies offering urban solutions."

Property

With Asia's strong growth, urbanisation trends and its rising middle class, regional property markets have stayed reasonably healthy. Keppel Land's strategic positioning in the market segments of large-scale townships and integrated lifestyle developments holds great potential for sustained earnings. In 2010, it achieved good sales in both waterfront luxury homes as well as township developments in Singapore and overseas markets. In particular, record sales of over 4,600 units overseas was achieved, mainly from township projects in China. China is now a key focus of Keppel Land's regional strategy. Hence, Keppel Land China was established to consolidate and sharpen our focus on execution and delivery in this complex and fast-growing market to maximise value creation. Since then, land parcels have been acquired in the second-tier cities of Chengdu and Nantong and we will continue to scan the market for attractive land acquisitions in cities with good growth potential.

Asia's sustained growth has also boosted demand for quality office buildings, and both Keppel Land and K-REIT Asia have managed to capture value from this rising demand. Strong pre-commitment totalling about 1 million sf of Grade A office space was secured at Marina Bay Financial Centre (MBFC) and Ocean Financial Centre this year. The asset swap between Keppel Land and K-REIT Asia involving MBFC Phase 1, and Keppel Towers and GE Tower is a strategic move to unlock value for both companies, to ensure that assets are optimally utilised. In its first foray out of Singapore, K-REIT Asia acquired two quality office assets in Australia, laying the foundation to grow into a leading pan-Asian commercial REIT.

The Group synergises its competencies in environmental engineering and property development to develop large-scale integrated eco-friendly townships, and we have established a Sustainable Development unit in June 2010 to coordinate and drive the Group's efforts in offering holistic sustainable urban living solutions. Keppel also leads the Singapore Consortium to develop the landmark 30-sq km Sino-Singapore Tianjin Eco-City in a joint venture with a Chinese Consortium. The Tianjin Eco-City project has made good progress since its groundbreaking in 2008, having secured around RMB55 billion of investment commitments to-date. This includes leading regional developers who will build a variety of eco-homes, commercial and cultural-leisure developments, as well as eco-technology companies offering urban solutions. Keppel's eco-homes in the Eco-City have been well received by the local market, registering strong sales for the launched units. KIE's district heating and cooling systems subsidiary is also in a joint venture to offer its services to the Eco-City, while KIE and Keppel T&T are planning to leverage the Eco-City's position as an eco-research and logistics hub to grow their presence in northern China.

DISTINCTIVE VALUES

The Board and Management believe that strong corporate governance is the keystone to the sustainability of our businesses and performance. Maintaining high standards in corporate governance is part and parcel of our accountability to our stakeholders.

Today, we face a complex global business environment. The Board will continue to work closely with Management to manage risks and ensure the Group remains flexible and robust to overcome the diverse challenges across the different regions where we operate. The Gulf of Mexico oil spill has highlighted even more strongly the need for companies to strengthen their risk management and crisis management capabilities and processes. Within the Group, we have initiated a fresh round of reviews in all our business operations with the aim of ensuring stringent and sound measures in these areas.

Safety has long been enshrined as one of Keppel's core values. A safe workplace yields superior operating performance. This is why the Company's Board Safety Committee, which was established in 2006, plays an active role in aligning, reviewing and developing safety policies and initiatives across the Group's different business units. In 2010, Keppel O&M also launched the first integrated safety training complex in Singapore. We will continue our efforts to implement best safety practices so that our employees and workers will be able to return home safely to their families and loved ones after a day's work.

Our people are our core asset. Keppel continues to provide opportunities for employees to maximise their potential, develop their talents and capabilities to contribute to the Group's success. Capabilities and skills of our workers and employees are regularly upgraded to enhance productivity. We continue to maximise the Group's innate synergy by better deploying our talents across the different business units. In managing and developing talent, younger leaders are entrusted with additional responsibilities, giving them the exposure and opportunity to drive the Group's next phase of growth, and ensure smooth and effective succession for key management positions.

To reinforce sustainable practices and processes in our businesses, we have established a more systematic and rigorous corporate social responsibility framework Group-wide to monitor, plan and coordinate activities undertaken by our various business units. This framework will galvanise our ongoing efforts to continuously improve our environmental, social and governance standards and allow us to benchmark against global best practices to build a strong foundation for sustainable growth. As part of the Group's commitment to giving back to the communities where we operate, we are also looking to strengthen the holistic management of the Group's contributions to worthwhile causes.

ACKNOWLEDGEMENTS

I take this opportunity to acknowledge the following changes as part of the Board's proactive process to deepen its range of expertise. We are pleased to welcome to the Board two new members, Mr Tan Ek Kia and Mr Danny Teoh, who were appointed Independent Directors with effect from 1 October 2010. Mr Tan is an industry veteran in the oil, gas and petrochemicals sector while Mr Teoh has more than 30 years of experience in the areas of auditing and financial advisory. Together, they will support the drive for sustained, broad-based growth and to enhance shareholder value across the Group.

Finally, I wish to thank Directors, Management, employees, partners, customers, and all stakeholders for their continued support over the past year. The Group shall spare no effort to chart new growth paths so as to ensure that we continue to grow and prosper in the years ahead. Thank you.

Yours sincerely,

Lee Boon Yang
Chairman
4 March 2011

Q1. What are your priorities for the next couple of years?

A: I want to position Keppel for the volatile world ahead, to ride the upturns and be robust in any turbulence. At the same time, I am preparing the next team to take over the helm when the current leadership team phases out. I would like to see a stronger Team Keppel, working towards our common vision and mission, guided by our core values.

The Keppel Group delivered a commendable net profit CAGR of 20% over the last ten years. With yet another set of record earnings in 2010, we are facing the challenge to surpass this performance. Having said this, I see good growth prospects in Keppel's businesses. I firmly believe that the key to continued success is our strong commitment and focus to stay the course in executing our strategy.

What sets us apart is our execution excellence, innovation and customer focus, financial prudence and collective strength. To stay ahead of the game, we will continue to leverage these qualities in the Group, as we capture opportunities to expand and strengthen our position in our businesses.

"We will refine the strategies in our business units, building on their strengths and extending their value propositions. At the same time, we will further grow cross business unit synergies and capabilities."

Mr Choo Chiau Beng
Chief Executive Officer
Keppel Corporation

Q2. How are you planning to further grow Keppel?

A: For a start, we will continue to grow our three businesses of Offshore & Marine, Infrastructure and Property, near our markets and close to customers. The global megatrends of rising standards of living and urbanisation, increased environmental concerns and growing demand for energy undoubtedly present opportunities for Keppel.

We will refine the strategies in our business units, building on their strengths and extending their value propositions. At the same time, we will further grow cross business unit synergies and capabilities.

We have identified the sustainable development and urbanisation business, which combines and showcases our expertise in Infrastructure and Property, as our next growth area. In this respect, we have formed a team to focus and coordinate efforts across the Group to seize commercially attractive opportunities in the region.

To grow our businesses, we need good and dedicated people motivated to work as a team. We need continuity in leadership and management. As such, we spend a lot of resources on talent management and succession planning.

Last year, we launched the Keppel Young Leaders, a programme to nurture talents across the Group. This also serves as a platform to cultivate a global mindset and encourage a spirit of innovation and enterprise. Through this initiative, we hope to develop and identify a continuous pipeline of future leaders for the Group.

Q3. Do you think the current upturn in the Offshore & Marine sector can be sustained?

A: In the first two months of 2011, we clinched $3.7 billion worth of new orders with deliveries extending to 2014, more than what we secured for the whole of last year. The positive view of our customers on the outlook for rigs in the next few years is well supported by prospects in global spending in exploration and production (E&P). While the ongoing unrest in the Middle East and North Africa region may potentially slow the pace of recovery, we are still optimistic of the sound long-term fundamentals of the industry.

Overall, E&P budgets are expected to increase by 15-20% on average in 2011, with oil planning prices in the region of US$70 per barrel. Chevron has announced that it is raising its E&P budget for 2011 by 20% to US$23 billion, while Total is increasing its 2011 upstream budget by 8% to US$16 billion. In Asia, CNOOC's 2011 E&P budget will increase to US$8.8 billion, 13% above that for 2010.

The International Energy Agency, or IEA, in its 2010 World Energy Outlook released in November, revised upwards the estimated growth in global energy demand for the period from 2008 to 2035, to 36%. This is equivalent to 1.2% increase per year on average. Fossil fuels accounts for over 50% of the increase, with oil remaining the dominant fuel source. By 2035, demand for oil will reach 99 million barrels per day, which is 15 million barrels per day more compared with 2009, driven mainly by population and economic growth in the developing countries such as China and India.

Besides oil, global natural gas demand is also set to resume its long-term upward trend, with demand increasing 44% between 2008 to 2030, equivalent to an increase of 1.4% per year. The steep climb in demand for gas is due to its more favourable environmental and practical attributes. On the supply side, over a third of the global increase in gas output is coming from unconventional sources – shale gas, coalbed methane and tight gas – in the US, and increasingly, from other regions such as Europe and Asia.

Q4. What are the prospects in the jackup and semisubmersible space over the near and longer term?

A: Based on the number of orders placed in the first quarter of this year, the jackup market is experiencing a healthy recovery, particularly in the demand for high-end jackups (>350–400 ft water depth). All the 14 newbuild jackup orders which we have secured since the last quarter of 2010 are for high-specification jackups.

Such a demand trend was outlined by industry analyst ODS-Petrodata, which expected worldwide demand for jackups to increase by 48 rigs or 15% in 2011. The largest increase is seen in Central America/Mexico, North Sea, the Middle East and North America.

On the other hand, supply in 2011 is expected to increase by 19 units, of which six have already secured contracts. Industry estimates also point to the fact that 69% of the global jackup fleet is older than 25 years old.

In the area of high-end jackups, our customer Rowan estimated that there is near-term demand for about 18 to 20 high-end rigs for multiple-well projects in the UK and Norwegian sectors of the North Sea.

In all, Rowan expects close to 200% increase in demand for high-end jackups, with utilisation reaching 85%, significantly higher than the industry-wide utilisation of 68%. Dayrates are also significantly higher.

While the jackup market is active, the outlook for the deepwater segment is also looking up. According to Pareto Research, dayrates and activity level have started to pick up, while the latest Douglas-Westwood estimates show that deepwater expenditure is expanding at a CAGR of 8%, reaching US$35 billion in 2014. Total global capital expenditure for the 2010–2014 period is expected to reach US$167 billion. We are therefore optimistic that orders for semisubmersibles will return in the near term.

Q5. What is Keppel doing to stay ahead of the competition in its Offshore & Marine business?

A: We are keenly aware of the rising competition, which in a way keeps us on our toes and motivates us to continue to improve. Rest assured that we are putting in our maximum efforts to increase our productivity, strengthen our competitive edge and enhance our leadership position in the industry.

Being near our markets and customers has been a significant value-add to our customers. After expanding further into Brazil, Caspian region and the Philippines last year, we continue to actively explore opportunities to grow our global yard network. Africa and Mexico are regions with abundant offshore oil resources and hence we are looking closely to tap opportunities there.

Meanwhile, we spare no efforts in leveraging our strengths in research and development and our deep understanding of the market needs, to provide customers with the products they require. We are able to continuously enhance our proven designs to suit the needs of specific customers for their target markets. For example, our KFELS Super A Class jackup is based on an enhanced design of our successful and proven KFELS MOD V-A Class design. This design is well-suited for operating conditions in the UK, Danish and Dutch sectors of the North Sea. The KFELS Super B Class Bigfoot design, which was customised to suit Transocean's needs, is based on the proven KFELS B Class jackup design which has also been well-received by the industry.

Q6. How do you plan to raise productivity further at Keppel Offshore & Marine?

A: To formalise efforts and implement strategies to achieve continual productivity improvements, we have established a Productivity Improvement Taskforce within Keppel O&M. The focus is to increase labour productivity and encourage proactive sharing of knowledge and best practices in a range of key areas, including production processes, automation, mechanisation, R&D, skills upgrading and training, procurement, warehousing, information technology, supply chain management and pipe shop automation, among others. The ultimate objective is to cut down on the time and costs to build rigs and vessels, while delivering on our promise of quality and safety.

We know that we are often compared to the Korean yards. They enjoy good productivity as their yards are highly automated and their workforce is very homogenous. Our workforce in Singapore, on the other hand, is not as homogenous but we are flexible and adaptable. Such qualities are suited to rig construction which is project-centric by nature.

A key strength of the project-centric approach is the ability to provide high levels of customisation for specific products. We have so far done well in integrating the best of both project and manufacturing approaches of efficient production with good quality control into our processes, and are continuing to improve on them.

Q7. What are other growth areas which Keppel Offshore & Marine is pursuing?

A: We see positive prospects in the production and floating accommodation semisubmersible markets, and are actively seeking opportunities to grow our presence in these two areas.

According to Douglas-Westwood, the world will need more than 100 Floating Production Systems (FPS) to be installed between 2010 and 2014. This is equivalent to a value of US$45 billion. FPSOs account for close to 80% of this total FPS capex forecast, followed by tension leg platforms, semisubmersibles and Spars. Brazil is dominating the FPS market with Petrobras looking to double its fleet to 84 by 2020.

To strengthen our capabilities in the FPS market, we have taken a 28% stake in Singapore-listed Dyna-Mac, a topside module fabricator. This investment allows us to have better control over the process of designing and fabricating oil and gas production modules. We are also stepping up efforts, through FloaTEC, LLC, our joint venture with J Ray McDermott, to secure orders to provide deepwater production rigs to the market.

Separately, we have also taken a 31.7% stake in Floatel International, to reflect our confidence in the growth potential of high-quality floating accommodation semisubmersibles for both Brazil and the North Sea.

The construction of our first KFELS Multi-Purpose Self-Elevating Platform (KFELS MPSEP), in collaboration with the Seafox Group, is progressing well. We are glad that there is a lot of interest to charter this unit for multiple-year contracts. We see the need for more capable offshore wind turbine installation vessels, apart from those currently available, which are a bit undersized. We are confident that there is a market for such vessels and ours will offer a premier solution for the industry.

We continue to work on gaining entry into the turnkey drillship market with our compact drillship design, the DrillDeep DS12000. This compact drillship is designed to be more energy-efficient and easier to maintain than the larger rivals in the market.

Q8. What growth opportunities do you see for the Infrastructure Division?

A: According to industry estimates, the global market for thermal and biological waste-to-energy technologies will grow to $13.6 billion in 2016. The Asia-Pacific is predicted to contribute the largest portion of the growth. Riding on this uptrend, Keppel Integrated Engineering (KIE) is actively pursuing contracts in its focus markets of Europe, China and the Middle East. We are drawing useful lessons from the ongoing challenges we are facing in Qatar, and are working to strengthen our execution capabilities in that market.

K-Green Trust, which was listed last year, is focused on delivering sustainable returns while actively pursuing opportunities to acquire green infrastructure assets.

The 800MW capacity expansion of Keppel Merlimau Cogen Plant, which is powered by natural gas, is expected to meet Singapore's electricity demand growth. According to industry forecast, electricity demand in Singapore is expected to increase at an annual rate of between 2.5% and 3% from now till 2018. In addition, with the need for more clean energy in the world, particularly in Asia, Keppel Energy is leveraging its experience and expertise to seek commercially attractive growth opportunities in the region.

In the area of logistics and data centres, Asia's continued growth is expected to drive demand for such services. Keppel T&T is actively expanding its logistics footprint in Asia, with focus on providing integrated logistics services in China and Southeast Asia. At the same time, it is also looking to grow its data centre business in Asia and Europe through capacity expansion at existing facilities and building a portfolio of high-quality data centre assets through its Securus Fund.

Q9. Keppel's Property business had a good year in 2010. What is your outlook of the property market in 2011 and beyond?

A: With Asia's overall growth momentum stabilising, we believe 2011 and beyond will continue to hold healthy prospects for both the residential and office markets in the region.

In Singapore, GDP growth in 2011 is expected to moderate to 4–6%, which is not expected to impact on the recovering confidence in Singapore as the region's financial hub. Leasing activities in the office market is therefore expected to continue to strengthen, driven by new expansion in the financial services and other supporting sectors. Property consultants are predicting an increase of about 15% in Grade A office rentals in Singapore in 2011, following a rise of 20% in 2010.

In the residential sector, demand and prices are normalising in Singapore and China following the cooling measures introduced by the governments last year. With prices heading towards more affordable levels, coupled with aspirations for homes in line with rising affluence and urbanisation, genuine home buyers are likely to be more prepared to make purchases.

Q10. What are Keppel's plans to further grow the Property business?

A: With the healthy outlook, we are poised to capture opportunities to further grow our Property business.

Over the next year or so, Keppel Land will continue to monitor the markets and time launches of residential units in Singapore and in key markets in Asia. In China and Vietnam, development of land acquired last year will add to an already healthy pipeline of quality residential and waterfront homes in cities like Chengdu, Zhongshan, Nantong and Ho Chi Minh City. The formation of Keppel Land China is expected to provide a sharper focus and more concerted effort in offering our value proposition and broadening our property presence in China.

In recent years, prudent financial management has helped Keppel Land build up a good cash position. Riding on this, Keppel Land will continue to actively seek acquisition opportunities in Singapore and the region. Apart from land acquisitions for residential and township developments, Keppel Land will also seek to further strengthen its commercial and mixed-use development portfolio in Singapore and the region.

The asset swap between Keppel Land and K-REIT Asia last year involving Marina Bay Financial Centre, Keppel Towers and GE Tower was a win-win deal for the two companies, and demonstrate the value which can be extracted from Group synergy. Looking ahead, we can expect further value to be captured from similar opportunities within the Group.

Powering Excellence

35 Rigs and Vessels

In 2010, Offshore & Marine Division continued its delivery excellence with the completion of 12 rigs, 5 FPSO/FSRU conversions, 18 specialised vessels and several rig upgrades and repairs.

35,000 ft

Capable of operating at 400 ft water depth and drilling at 35,000 ft, the new KFELS Super A Class jackup, our latest offering to Ensco, will meet the industry's need for newer and higher performance assets with improved safety and better efficiency.

5,250 Homes

In 2010, Keppel Land sold a record 4,600 homes overseas, bringing 2010 total sales to 5,250 homes, which contributed to Keppel Land's record net profit of over $1 billion.

Harnessing Synergy

Unlocking Value with Asset Swap

Asset swap between Keppel Land and K-REIT Asia involving the one-third stake in Phase 1 of Marina Bay Financial Centre, and Keppel Towers and GE Tower in Singapore, unlocked significant value for the two companies and demonstrated the power of synergy within the Group.

RMB 55b

Having secured over RMB 55b in investments, the Sino-Singapore Tianjin Eco-City is progressing well as a showcase for integrated sustainable urban solutions.

150,000 sf

Consolidated data centre assets of Keppel T&T and Keppel Land to enhance position and meet demand in fast growing sector.

Maximising Value

CAGR 20.4%

Over the last decade, riding on a strong commitment to develop our core competencies, our net profit grew from $267 million to $1,419 million, which is a compound annual growth rate of 20.4%.

800MW Expansion

When completed in 2013, the Keppel Merlimau Cogen Plant expansion will more than double its capacity to 1,300MW, and is expected to generate good returns for the Group.

Technology Innovation

Our focus on R&D, coupled with our deep understanding of industry needs and commitment towards value creation, enable us to provide cost-effective and high quality solutions to our customers.

Keppel Corporation

To be the Provider of Choice for Solutions to the Offshore & Marine Industries, Sustainable Environment and Urban Living

Strategic Directions

Fortifying Core Competencies

→ Ensure continued focus on execution excellence to produce top quality products and solutions for customers.

→ Sharpen competitive edge by investing in Research and Development (R&D) for long-term growth.

→ Maximise talent development and knowledge sharing to enhance productivity.

Expanding Global Footprint

→ Build on the Group's strong global network for new business opportunities.

→ Leverage the Keppel brand equity to enhance its presence in existing markets and enter new markets.

Leveraging Growth Platforms

→ Maximise synergy and collective strength among businesses.

→ Seize value enhancing opportunities when they arise.

Net Profit

$1,419m

Increased 12% from FY 2009's $1,265 million.

Revenue
($ million)

2010	9,783
2009	12,247

Offshore & Marine

To be the choice provider and solutions partner in its selected segments of the offshore and marine industry

Focus for 2011/2012

→ Deliver value through excellent project management and execution.

→ Enhance R&D initiatives to strengthen position as market leader in selected segments.

→ Explore opportunities in new markets and adjacent businesses.

→ Maximise and realise operational efficiencies.

→ Sustain prudent cost management.

→ Focus on Health, Safety and the Environment.

Net Profit

$987m

Increased 22% from FY 2009's $810 million.

Revenue
($ million)

2010	5,577
2009	8,273

Infrastructure

To seek expansion opportunities in the environmental engineering, power generation, logistics and data centres businesses

Focus for 2011/2012

→ Keppel Integrated Engineering (KIE) to further strengthen its presence in key geographical markets and business segments.

→ KIE to focus on timely completion of ongoing EPC projects in Qatar and UK.

→ Keppel Energy to grow its power generation business by planting additional capacity in Singapore and seizing opportunities in the region.

→ Keppel Telecommunications & Transportation to expand logistics footprint in Asia, and to increase data centre business.

Net Profit

$57m

Decreased 55% from FY 2009's $126 million.

Revenue
($ million)

2010	2,510
2009	2,427

Property

To provide urban living solutions through the twin core businesses of property development and property fund management

Focus for 2011/2012

→ Actively seek acquisitions in Singapore and overseas with continued focus on developing quality residential, township, commercial and mixed-use projects.

→ Monitor markets and time launches for new projects and phases.

→ Recycle capital to take on new large-scale projects.

Net Profit

$326m

Increased 55% from FY 2009's $210 million.

Revenue
($ million)

2010	1,685
2009	1,508

Investments

To sustain value to shareholders while seeking growth opportunities

Focus for 2011/2012

→ k1 Ventures to identify investment opportunities while continuing to focus on the management of existing investments with the aim of enhancing shareholder value.

→ M1 to continue to strengthen its position in the mobile market and capitalise on growth opportunities in Singapore, riding on the new national fibre network.

Net Profit

$49m

Decreased 59% from FY 2009's $119 million.

Revenue
($ million)

2010	11
2009	39

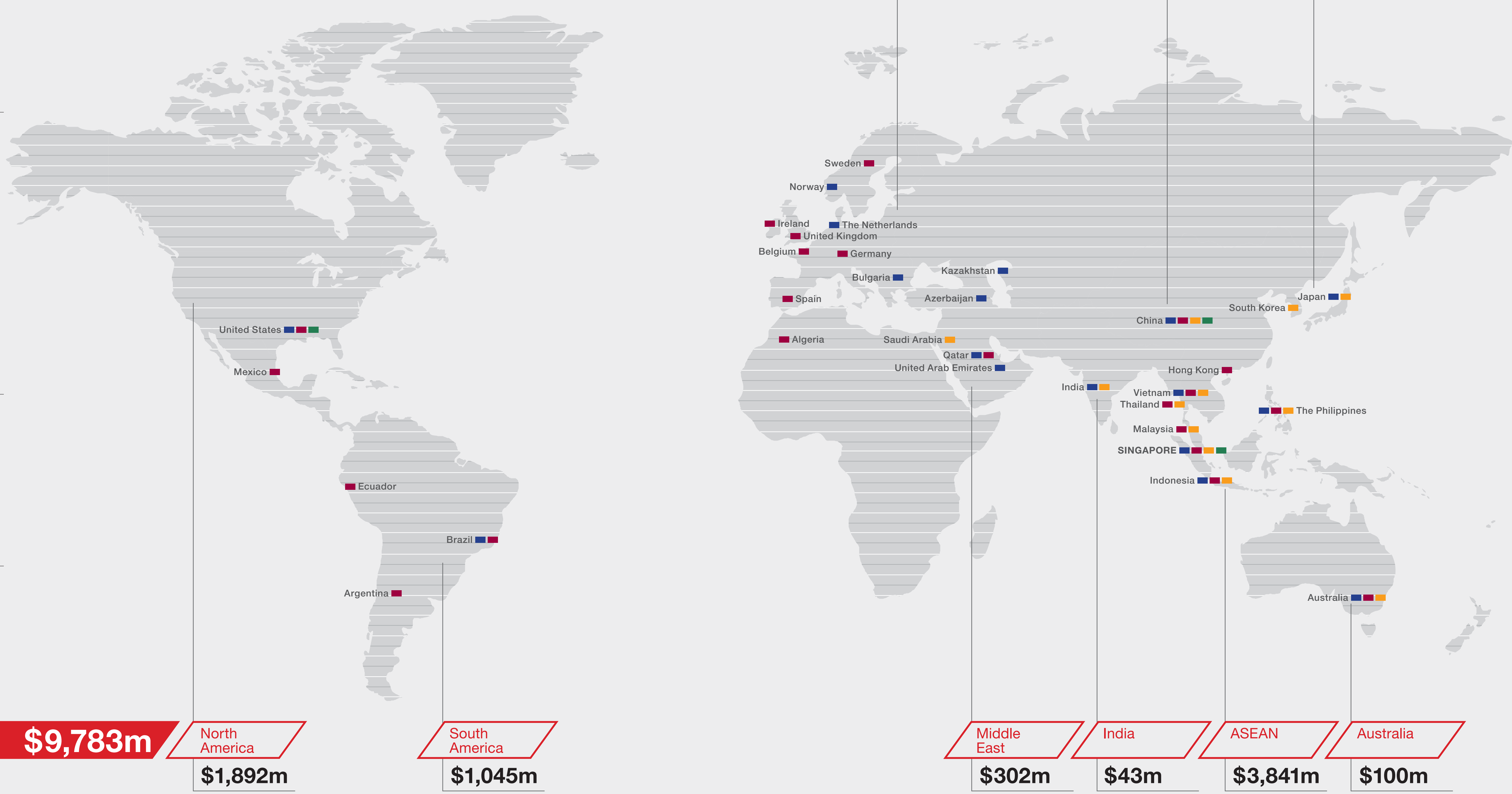
We leverage our global reach to diversify earnings streams and reap benefits in our *near market near customer* strategy.

Offshore & Marine
Australia
Azerbaijan
Brazil
Bulgaria
China
India
Indonesia
Japan
Kazakhstan
Norway
Qatar
Singapore
The Netherlands
The Philippines
United Arab Emirates
United States
Vietnam

Infrastructure
Algeria
Argentina
Australia
Belgium
Brazil
China and Hong Kong
Ecuador
Germany
Indonesia
Ireland
Malaysia
Mexico
Qatar
Singapore
Spain
Sweden
Thailand
The Philippines
United Kingdom
United States
Vietnam

Property
Australia
China
India
Indonesia
Japan
South Korea
Malaysia
Saudi Arabia
Singapore
Thailand
The Philippines
Vietnam

Investments
China
Singapore
United States



Total FY 2010 Revenue **$9,783m**

Board of Directors

Lee Boon Yang, 63

Chairman and
Independent Director
Member, Nominating Committee
Member, Remuneration Committee
Member, Board Safety Committee

Lim Hock San, 64

Deputy Chairman and
Independent Director
Chief Executive Officer,
United Industrial Corporation
Chief Executive Officer, Singapore Land
Chairman, Audit Committee
Chairman, Remuneration Committee
Member, Board Risk Committee

Choo Chiau Beng, 63

Chief Executive Officer
Member, Board Safety Committee

Sven Bang Ullring, 75

Independent Director
Chairman, Board of The Fridtjof Nansen Institute, Oslo, Norway
Chairman, Board Safety Committee
Member, Nominating Committee
Member, Remuneration Committee

Board of Directors

Tony Chew Leong-Chee, 64

Independent Director
Executive Chairman,
Asia Resource Corporation
Chairman, Nominating Committee
Member, Audit Committee

Oon Kum Loon, 60

Independent Director
Chairperson, Board Risk Committee
Member, Audit Committee
Member, Remuneration Committee

Tow Heng Tan, 55

Non-Independent and Non-Executive Director
Chief Investment Officer,
Temasek Holdings
Member, Nominating Committee
Member, Remuneration Committee
Member, Board Risk Committee

Alvin Yeo Khirn Hai, 49

Independent Director
Senior Partner, WongPartnership LLC
Member, Audit Committee
Member, Board Risk Committee

Tan Ek Kia, 63

Independent Director
Member, Nominating Committee
Member, Board Safety Committee

Danny Teoh, 56

Independent Director
Member, Audit Committee
Member, Remuneration Commitee

Teo Soon Hoe, 61

Senior Executive Director and Group Finance Director

Tong Chong Heong, 64

Executive Director

Keppel Group Boards of Directors

KEPPEL OFFSHORE & MARINE

Choo Chiau Beng
Chairman
Chief Executive Officer,
Keppel Corporation

Tong Chong Heong
Chief Executive Officer

Sit Peng Sang
Executive Director

Bjarne Hansen
Senior Partner,
Wing Partners I/S, Denmark

Prof Neo Boon Siong
Professor and former Dean of Nanyang Business School, Nanyang Technological University, Singapore

Stephen Pan Yue Kuo
Chairman, World-Wide Shipping Agency Limited

Prof Minoo Homi Patel
Professor of Mechanical Engineering and Director of Development, School of Engineering, Cranfield University, UK

Dr Malcolm Sharples
President, Offshore Risk & Technology Consulting Inc, US

Teo Soon Hoe
Senior Executive Director and
Group Finance Director,
Keppel Corporation

Tan Ek Kia
Chairman of City Gas Pte Ltd

Po'ad Bin Shaik Abu Bakar Mattar
Independent Director of Hong Leong Finance Limited and Tiger Airways Holdings Limited

Lim Chin Leong
Former Chairman of Asia,
Schlumberger

Loh Chin Hua
Managing Director, Alpha Investment Partners Limited

KEPPEL INTEGRATED ENGINEERING

Tong Chong Heong
Chairman
Executive Director, Keppel Corporation; Chief Executive Officer, Keppel Offshore & Marine

Michael Chia Hock Chye
Deputy Chairman
Director (Group Strategy & Development) of Keppel Corporation; Managing Director (Offshore), Keppel Offshore & Marine

BG (NS) Tay Lim Heng
Chief Executive Officer

Loh Ah Tuan
Director

Quek Boon Sing
Director

Dr Ong Tiong Guan
Managing Director, Keppel Energy

KEPPEL INFRASTRUCTURE FUND MANAGEMENT (AS TRUSTEE-MANAGER OF K-GREEN TRUST)

Khor Poh Hwa
Chairman
Advisor in Township and Infrastructure Development to Keppel Corporation

Alan Ow Soon Sian
Tax Consultant (Non-Legal Practitioner), KhattarWong

Paul Ma Kah Woh
Independent Director

Quek Soo Hoon
Operating Partner, iGlobe Partners (II) Pte. Ltd.

Thio Shen Yi
Joint Managing Director, TSMP Law Corporation

Teo Soon Hoe
Senior Executive Director and
Group Finance Director,
Keppel Corporation

Michael Chia Hock Chye
Director (Group Strategy & Development) of Keppel Corporation; Deputy Chairman, Keppel Integrated Engineering; Managing Director (Offshore), Keppel Offshore & Marine

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION

Teo Soon Hoe
Chairman
Senior Executive Director and
Group Finance Director,
Keppel Corporation

Dr Tan Tin Wee
Associate Professor of Biochemistry,
National University of Singapore

Prof Bernard Tan Tiong Gie
Professor of Physics,
National University of Singapore

Reggie Thein
Independent Director

Wee Sin Tho
Vice President, Endowment and Institutional Development,
National University of Singapore

Tan Boon Huat
Independent Director

Karmjit Singh
Independent Director

KEPPEL ENERGY

Choo Chiau Beng
Chairman
Chief Executive Officer,
Keppel Corporation

Dr Ong Tiong Guan
Managing Director

Teo Soon Hoe
Senior Executive Director and
Group Finance Director,
Keppel Corporation

Khoo Chin Hean
Chief Executive Officer,
OpenNet Pte Ltd

Koh Ban Heng
CEO & Executive Director of Singapore
Petroleum Company Limited (member
of PetroChina)

Foo Jang See
Senior Vice President, Refining,
Crude Supply Trading and Operations,
Singapore Petroleum Company Limited
(member of PetroChina)

Nelson Yeo Chien Sheng
Managing Director (Marine),
Keppel Offshore & Marine

Michael Chia Hock Chye
Director (Group Strategy &
Development) of Keppel Corporation;
Deputy Chairman, Keppel Integrated
Engineering; Managing Director
(Offshore), Keppel Offshore & Marine

Tina Chin Tin Chie
General Manager, Group Risk
Management, Keppel Corporation

KEPPEL LAND

Choo Chiau Beng
Chairman
Chief Executive Officer,
Keppel Corporation

Kevin Wong Kingcheung
Group Chief Executive Officer

Khor Poh Hwa
Advisor in Township and Infrastructure
Development in Keppel Corporation

Lim Ho Kee
Chairman, Singapore Post

Prof Tsui Kai Chong
Provost and Professor of Finance,
SIM University

Lee Ai Ming (Mrs)
Senior Partner, Rodyk & Davidson

Tan Yam Pin
Former Managing Director,
Fraser and Neave Group

Heng Chiang Meng
Former Managing Director,
First Capital Corporation;
Executive Director,
Far East Organisation Group

Edward Lee
Former Ambassador to Indonesia

Koh-Lim Wen Gin
Former URA Chief Planner and
Deputy Chief Executive Officer

Oon Kum Loon
Non-executive, Non-independent
Director

Teo Soon Hoe
Senior Executive Director and
Group Finance Director,
Keppel Corporation

K-REIT ASIA MANAGEMENT (AS MANAGER OF K-REIT ASIA)

Prof Tsui Kai Chong
Chairman
Provost and Professor of Finance,
SIM University

Kevin Wong Kingcheung
Deputy Chairman
Group Chief Executive Officer,
Keppel Land

Ng Hsueh Ling
Chief Executive Officer

Dr Chin Wei-Li Audrey Marie
Chairman, Vietnam Investing Associates
– Financials (S) Pte Ltd

Lee Ai Ming (Mrs)
Senior Partner,
Rodyk & Davidson

Tan Chin Hwee
Portfolio Manager, Apollo Asia
Opportunity Master Fund

Tan Swee Yiow
Alternate Director to
Kevin Wong Kingcheung;
President (Singapore Commercial),
Keppel Land International

Keppel Technology Advisory Panel

The Group promotes a culture of innovation with guidance from a panel of eminent business leaders, professionals and industry experts.

(From left)
First row: Dr Brian Clark, CEO Choo Chiau Beng, Professor Cham Tao Soon (Chairman, Keppel Technology Advisory Panel), Professor Sir Eric Ash, Dr Yeo Ning Hong

Second row: Tan Gee Paw, Dr Malcolm Sharples, Professor Minoo Homi Patel, Professor James Leckie and Professor Tom Curtis

Absent from photo:
Professor Jim Swithenbank

Professor Cham Tao Soon
Chairman
BEng (Civil), 1st Class Honours, University of Malaya; BSc (Maths), University of London; PhD (Fluid Mechanics), University of Cambridge.

He was the founding President of Nanyang Technological University (Singapore) in 1981 and had relinquished the post in 2002 and is now its President (Emeritus). Presently, he is the Chancellor and Chairman of SIM University. He has received several honorary doctorates and foreign academic awards, including the International Medal of the British Royal Academy of Engineering.

Professor Sir Eric Ash
BSc and PhD, Imperial College London; CBE FREng FRS.

He is presently an Advisor to Tata Consulting Engineers Ltd in Mumbai. A past president of the Institution of Electrical Engineers, he is a Foreign Member of the US National Academy of Engineering. He was Rector of Imperial College 1985–93, Vice President of the Royal Society 1997–2002. He has several honorary doctorates, including one from Nanyang Technological University (Singapore).

Dr Brian Clark
Schlumberger Fellow; B.S. Ohio State University; PhD, Harvard University (1977).

He holds 67 patents related to the exploration and development of oil and gas, primarily in wire line logging and logging while drilling. He was recognised as the Outstanding Inventor of the Year for 2002 by the Houston Intellectual Property Law Association, and as the Texas Inventor of the Year for 2002 by the Texas State Bar Association. Dr Clark is also a member of the National Academy of Engineering and The Academy of Medicine, Engineering and Science of Texas.

Dr Yeo Ning Hong (KTAP Term expired on 31 December 2010)
BSc (Chemistry), First Class Honours, MSc, University of Singapore; Master of Arts and PhD, University of Cambridge (1970).

Dr Yeo is Advisor to Far East Organisation and formerly Advisor to Temasek Holdings (Pte) Ltd and Hyflux Ltd. He is also Chairman of SQL View Pte Ltd and Universal Gateway International (Pte) Ltd, and serves as a Director of Singapore Press Holdings Ltd. Dr Yeo was a Cabinet Minister in the Singapore Government from 1981 to 1994 holding appointments as Minister for Communications, Information, National Development and Defence.

Professor Minoo Homi Patel
Fellow of the Royal Academy of Engineering, the Institution of Mechanical Engineers and the Royal Institution of Naval Architects; Chartered Engineer; BSc (Eng) and PhD, University of London and an Honorary Member of the Royal Corps of Naval Constructors.

He is Director of Development for the School of Engineering at Cranfield University and a Founder Director of the science park company BPP Technical Services Ltd. He also sits on the Boards of Keppel Offshore & Marine (Keppel O&M), Cranfield Aerospace Ltd and BMT Group Ltd.

Dr Malcolm Sharples
President, Offshore Risk & Technology Consulting Engineering Inc.; BE. (Engineering Science),University of Western Ontario; PhD University of Cambridge; Athlone Fellow; Fellow of the Society of Naval Architects and Marine Engineers; Registered Professional Engineer.

He provides consulting service on offshore-related projects including project technical risk, project safety cases and health & safety quality systems, financial due diligence on acquisitions, regulatory advice, business development assistance. He has been involved as an expert witness in a number of legal proceedings. He is an active member of the Canadian Standards Association on offshore wind farms. He is a Director of Keppel O&M.

Professor James Leckie
BS (Honours), San Jose State University; SM, PhD, Harvard University (1970); The C. L. Peck, Class of 1906 Professor of Environmental Engineering and Applied Earth Sciences, Stanford University; Director of the Stanford Centre for Sustainable Development & Global Competitiveness; Director, Stanford-China Executive Leadership Programme; Director, Singapore Stanford Partnership.

He has appointments in both Civil and Environmental Engineering, and Geological and Environmental Sciences at Stanford. He is a member of the National Academy of Engineering. He holds five patents related to water treatment technology and over 300 publications. His areas of teaching and research are in environmental chemistry and human exposure analysis.

Tan Gee Paw
BEng (Civil), First Class Honours, University of Malaya; MSc (Systems Engineering), University of Singapore; Doctor of Science (Honorary), University of Westminster; Doctorate in Engineering (Honorary), University of Sheffield.

Mr Tan is the Chairman of Public Utilities Board, the national water agency of Singapore. He is a member of the Presidential Council for Religious Harmony, Chairman of OpenNet Pte Ltd and Exploit Technologies Pte Ltd. Mr Tan is also a Director of the Singapore Millennium Foundation Ltd, and Ascendas Pte Ltd. He is the Advisor for the Centre for Water Research, and Adjunct Research Professor of the Division of Environmental Science & Engineering, Faculty of Engineering, National University of Singapore.

Mr Tan co-chairs the Environmental & Water Technologies International Advisory Panel, Ministry of the Environment & Water Resources. He is also the Chairman of the International Advisory Panel of the Institute of Water Policy, Lee Kuan Yew School of Public Policy, and National University of Singapore. Mr Tan chairs the Nominating Committee of the Lee Kuan Yew Water Prize, Singapore International Water Week. He is a Member of the Centre for Liveable Cities Advisory Board, Ministry of National Development; Chairman of the Governing Board for the Earth Observatory of Singapore, Nanyang Technological University; Member of the Steering Group on Water & Climate Change for the Asia-Pacific Water Forum; and Member of the Climate Change Network, Prime Minister’s Office.

Professor Thomas (Tom) Curtis
BSc (Hons) Microbiology, University of Leeds; M.Eng and PhD Civil Engineering, University of Leeds.

He is a professor of Environmental Engineering of the University of Newcastle upon Tyne, and a recipient of the Royal Academy of Engineering Global Research Fellowship, the Biotechnology and Biological Sciences Research Council (BBSRC) Research Development Fellowship. Before entering academia, he worked in construction and public health policy and has worked in the US, Brazil, Bangladesh and Jordan. His major areas of research include microbial ecology, engineered biological systems in general and wastewater treatment in particular. His research is supported by an Engineering Physical Science Research Council Platform Grant.

Professor Jim Swithenbank (KTAP Term starts from 1 January 2011)
BSc, PhD, FREng, FInstE, FIChemE, Energy and Environmental Engineering Group

He is the current Chairman of The Sheffield University Waste Incineration Centre (SUWIC), a fellow of the Royal Academy of Engineering and a member of numerous International Combustion Committees. He was the past president of the Institute of Energy (1986–87) and has served on many UK government/DTI/EPSRC Committees. He is a prolific researcher with over 300 refereed papers to his credit and also an internationally pre-eminent scholar for research on combustion, energy from waste and pollution control and holder of more than 30 patents. He was also the technical architect of the Sheffield waste-to-energy CHP scheme and the co-inventor of the Malvern instrument and of the original FLUENT CFD package.

Senior Management

KEPPEL CORPORATION

Choo Chiau Beng
Chief Executive Officer

Teo Soon Hoe
Senior Executive Director and Group Finance Director

Tong Chong Heong
Executive Director

CORPORATE SERVICES

Chee Jin Kiong
Director (Group Human Resources)

Michael Chia Hock Chye
Director (Group Strategy & Development)

Paul Tan
Group Controller

Wang Look Fung
General Manager (Group Corporate Communications)

Lynn Koh
General Manager (Group Treasury)

Lai Ching Chuan
General Manager (Corporate Development / Planning)

Magdeline Wong
General Manager (Group Tax)

Tina Chin
General Manager (Group Risk Management)

Caroline Chang
General Manager (Group Legal)

Tan Eng Hwa
General Manager (Group Internal Audit)

Cindy Lim
General Manager (Group Human Resources)

Goh Toh Sim
Chief Representative (China)

OFFSHORE & MARINE

Tong Chong Heong
Chief Executive Officer
Keppel Offshore & Marine

Sit Peng Sang
Executive Director
Keppel Offshore & Marine

Michael Chia Hock Chye
Managing Director (Offshore)
Keppel Offshore & Marine

Nelson Yeo Chien Sheng
Managing Director (Marine)
Keppel Offshore & Marine

Chee Jin Kiong
Executive Director (Human Resources)
Keppel Offshore & Marine

Chow Yew Yuen
President, The Americas
Keppel Offshore & Marine

Wong Kok Seng
Managing Director
Keppel FELS

Hoe Eng Hock
Executive Director
Keppel Singmarine

Wong Ngiam Jih
Chief Financial Officer
Keppel Offshore & Marine

Charles Foo Chee Lee
Director / Advisor
Keppel Offshore & Marine Technology Centre (KOMtech)

Dr Foo Kok Seng
Executive Director
Offshore Technology Development (OTD)
Centre Director
Keppel Offshore & Marine Technology Centre (KOMtech)

Aziz Amirali Merchant
Executive Director
Keppel FELS

Chor How Jat
Executive Director
Keppel Shipyard

INFRASTRUCTURE

BG (NS) Tay Lim Heng
Chief Executive Officer
Keppel Integrated Engineering
Head of Sustainable Development
Keppel Group

BG (Ret) Pang Hee Hon
Chief Executive Officer
Keppel Telecommunications & Transportation

Dr Ong Tiong Guan
Managing Director
Keppel Energy

Thomas Pang Thieng Hwi
Chief Executive Officer
Keppel Infrastructure Fund Management (Trustee-Manager of K-Green Trust)

PROPERTY

Kevin Wong
Group Chief Executive Officer
Keppel Land

Ang Wee Gee
Executive Director
Keppel Land International
Executive Vice Chairman
Keppel Land China

Choo Chin Teck
Director (Corporate Services) and Group Company Secretary
Keppel Land International

Lim Kei Hin
Chief Financial Officer
Keppel Land International

Tan Swee Yiow
President (Singapore Commercial) and Head, Regional Investments (Indonesia, Malaysia, Myanmar)
Keppel Land International

Augustine Tan
President (Singapore Residential) and Head, Regional Investments (India, Middle East)
Keppel Land International

Ng Hsueh Ling
Chief Executive Officer/Director
K-REIT Asia Management

Loh Chin Hua
Managing Director
Alpha Investment Partners

UNIONS

Keppel FELS Employees Union
Ho Mun Choong, Vincent
President

Atyyah Hassan
General Secretary

Keppel Employees Union
Mohd Yusop Bin Mansor
President

Mohd Yusof Bin Mohd
General Secretary

Shipbuilding & Marine Engineering Employees' Union
Wong Weng Onn
President

Lim Chin Siew
Executive Secretary

Singapore Industrial & Services Employees' Union
Tan Peng Heng
President

Lim Kuang Beng
General Secretary

Josephine Teo
Executive Secretary

Union of Power & Gas Employees
Tay Seng Chye
President

S. Thiagarajan
Executive Secretary

Nachiappan RKS
General Secretary

1

2

1_Analysts engaged in robust discussion with Keppel Senior Management.

2_Visits to our yards provide analysts and investors a ground feel of our operational excellence.

With the global financial crisis gradually easing, 2010 started out on a promising note. However, this positive mood was soon dampened by the eruption of the Eurozone debt crisis. The oil spill incident in the Gulf of Mexico also impacted the sentiments in the global Offshore & Marine sector, and in our key markets in Singapore and China, cooling measures were introduced to curb speculation and stabilise the property markets. Overall, 2010 was a year of challenges for the Group.

Throughout the year, Keppel's dedicated Investor Relations team worked steadily to address the concerns of the investing community, while stepping up communications with investors, analysts, fund managers and the media. The team provided balanced insights into the Group's performance, key developments and growth strategies.

In both good times and bad, our investor relations efforts are guided by the principle of achieving best practices in corporate governance and disclosure. Clear, consistent and regular communication is a hallmark of Keppel's relationships with analysts and investors worldwide.

PROACTIVE OUTREACH

In 2010, we held over 160 one-on-one investor meetings and conference calls with Singapore and overseas institutional investors. Our top management also went on non-deal roadshows to the US and Hong Kong, and met over 20 institutional fund managers.

Such meetings provide a useful platform for investors and analysts to engage our management and better understand our business dynamics and direction. This also contributes towards the strengthening of relationships with our long-term shareholders.

During the year, we also arranged meetings with the management of key subsidiaries. Tours of the facilities aided in the better understanding of our businesses and operations.

As a global leader in the Offshore & Marine industry, Keppel's key attraction to investors is our rigbuilding operations and facilities. In 2010, we conducted over 10 yard tours cum management dialogues for institutional investors, including three groups of international investors who were in Singapore to participate in key investor conferences, and one group who visited our yard in Brazil.

With a good number of rigs being delivered in 2010, investors and analysts were invited to key naming and delivery ceremonies in Singapore to understand what it takes to complete a rig or vessel on time, within budget and with no incidents, through mingling with our management, customers and suppliers.

We also organised visits to facilities in our Infrastructure Division, to enable investors and analysts to have a better understanding of the operations there. For example, analysts were given a tour of the newly completed Keppel Seghers Tuas Waste-to-Energy Plant in Singapore in conjunction with its opening ceremony in June 2010.

In addition, we complemented our outreach efforts with participation in selected investor conferences. For a fourth consecutive year, top executives from Keppel Offshore & Marine presented at the Annual Oil & Offshore Conference organised by Pareto Securities in Norway, which was also a strategic platform for management to strengthen and renew ties with industry players and customers.

REGULAR COMMUNICATION

To reach stakeholders in a timely and effective manner, we continued 'live' webcasts of our quarterly results and presentations. These webcasts allow viewers from around the world to listen to our top management and post questions online for them to respond to in real time.

We are also committed to keep our communication channels accessible and information timely so as to serve the interests of the investing community. Market sensitive news is promptly posted on our website, www.kepcorp.com, at the end or beginning of each market day, in addition to the Singapore Exchange website.

Recognising the importance of providing easy-to-access and up-to-date information round the clock to our stakeholders, we revamped our corporate website with better organised business information and an enhanced investor centre, containing key financial highlights, orderbook information and an outline of the Group's most current landmark projects.

RECOGNITION

Our proactive investor relations approach and commitment to corporate transparency was again recognised by the business and investing community in 2010.

Significant accolades were garnered at the 5th Singapore Corporate Awards in May 2010. Keppel Corporation emerged the Gold winners in the Best Managed Board and Best Annual Report Awards in the category of companies with market capitalisation of $1 billion and above.

At the 11th Investors' Choice Awards organised by the Securities Investors Association of Singapore, Keppel Corporation placed Second in the Singapore Corporate Governance Award.

Focus on Shareholder Value

We are committed to deliver value to our shareholders. In 2010, we continued to sustain our returns to shareholders.

At 22.3%, our Return on Equity (ROE) exceeded 20% for the fourth consecutive year. Our Total Shareholder Return (TSR) in 2010 was a creditable 47%, which was well above the benchmark Straits Times Index's (STI) TSR of 13%.

Over the past decade, Keppel's net profit grew from $267 million in 2001 to our record earnings of $1,419 million for 2010. This is a Compound Annual Growth Rate (CAGR) of about 20%. In terms of TSR, Keppel's CAGR of 32% was also significantly higher than STI's CAGR TSR of 9%.

In terms of share price performance, Keppel Corporation's share price gained 41.3% over the year to close at $11.32 at the end of 2010 (based on adjusted beginning share price of $8.01), outperforming STI's gain of about 10.1% during the same period.

To reward shareholders for the record performance achieved in 2010, we are proposing a total cash dividend of 42 cents per share for the year, which is 11% higher than the 2009 total cash dividend of 38 cents per share. In addition, we are proposing a bonus issue to shareholders on the basis of one bonus share for every 10 existing ordinary shares in the capital of the Company. The proposed payout for 2010 will be around $670 million, which is about 50% of Group net profit.

Awards and Accolades

CORPORATE GOVERNANCE AND TRANSPARENCY

Singapore Corporate Awards

Keppel Corporation
→ Gold, Best Managed Board (Market cap of $1 billion and above)

→ Best CEO, Mr Choo Chiau Beng (Market cap of $1 billion and above)

→ Gold, Best Annual Report (Market cap of $1 billion and above)

K-REIT Asia
→ Gold, Best Annual Report (REITs and Business Trusts)

Keppel Telecommunications & Transportation
→ Gold, Best Annual Report (Market Cap of $300 million to less than $1 billion)

Governance and Transparency Index

Keppel Corporation, Keppel Telecommunications & Transportation and Keppel Land were ranked 4th, 9th and 13th respectively among 700 companies that were assessed.

Securities Investors Association of Singapore 11th Investors' Choice Awards

Keppel Corporation
→ Second, Singapore Corporate Governance Award

Keppel Land
→ Runner-up, Most Transparent Company (Property)

BUSINESS EXCELLENCE

→ Keppel Corporation was one of the top five brands in Singapore at the Brand Finance Asia Pacific Forum.

→ Keppel Corporation was ranked 20th position out of top 42 conglomerates in the Forbes Global 2000 Ranking for 2010, up from 21st position in 2009.

→ Keppel FELS edged four other finalists to win the Offshore Yard Award at the Seatrade Asia Awards.

→ At the Lloyd's List Awards, Keppel Shipyard was lauded the Best Shipyard of the Year.

→ Semisubmersible drilling tender, West Palaut, built to the KFELS SSDT™ design won the Shell Platform Rig of the Year Award for the third time. The rig was conferred this award in 2004 and 2006.

→ At the 24th Annual Singapore 1000 & Singapore SME 1000 and Singapore International 100 Awards, Keppel Corporation was named the winner of the Singapore International 100: Overseas Sales/Turnover Excellence in Markets (The Americas) while Keppel FELS took home a similar award for the European market.

→ Keppel FELS received the May Day 2010 CBF (Cheaper, Better, Faster) Model Partnership Award from the National Trades Union Congress.

→ Keppel Nantong Shipyard was ranked sixth among Nantong's Top 10 Export Enterprises by the Nantong Municipal People's Government.

→ Keppel Logistics clinched for the second consecutive year, the Domestic Logistic Service Provider of the Year (Singapore) at the 2010 Frost and Sullivan ASEAN Transportation & Logistics Awards.

→ Keppel Corporation was named as one of the Top Ten Most Desired Companies to work for in a survey conducted by Boardroom Research, commissioned by PeopleSearch.

→ At the Singapore Human Resources (HR) Awards, Keppel Land received awards in the Corporate Social Responsibility (Leading), Performance Management (Special Mention) and E-HR Management (Special Mention) categories.

→ Two top welders from Regency Steel Japan won the second and third position at the 51th Fukuoka Prefecture Welding Skill Contest in Japan.

→ At the Euromoney Real Estate Awards 2010, Keppel Land garnered awards comprising:

– Best Developer in Vietnam
– Best Office Developer in Singapore

→ Keppel Land was one of the two Singapore companies to be included in the Dow Jones Sustainability Asia Pacific Index.

→ Keppel Land also garnered recognition for its projects as follows:

Marina at Keppel Bay
– Marina at Keppel Bay won the coveted award of Best Asian Marina at the 6th Asian Boating Awards.

– Awarded the 5 Gold Anchors rating from the Marina Industries Association of Australia (MIAA) for top excellence in services and facilities.

Jakarta Garden City
– Runner-up in the Residential (Low Rise) category at the International Real Estate Federation (FIABCI) Prix d'Excellence Awards.

– Best Middle Class Residential Development at the FIABCI Indonesia – BNI Prix d'Excellence 2010 Awards.

Sedona Suites
– Sedona Suites in Hanoi and Ho Chi Minh City was lauded for "Excellent Performance" in the Guide Awards 2009-2010.

Sedona Hotel Yangon
– At the World Travel Awards, Sedona Hotel Yangon has reaffirmed its position as Myanmar's Leading Hotel.

GREEN AWARDS

→ Keppel Towers, GE Tower, Equity Plaza, Prudential Tower and Keppel Bay Tower in Singapore, The Arcadia and La Quinta in China were conferred the Green Mark Gold by the Singapore's Building and Construction Authority.

→ Keppel Land's golf courses in China and Indonesia, Spring City Golf & Lake Resort and Ria Bintan Golf Club were designated Classic Sanctuaries by Audubon International for their efforts in enhancing wildlife habitats and protecting natural resources.

→ KREIT Asia's 275 George Street building in Australia attained the prestigious 5 Star Green Star – Office As Built v2 rating by the Green Building Council of Australia.

→ In the Singapore Environmental Achievement Awards, Keppel Land won the Merit Award in the Services category for its excellence in corporate environmental leadership.

→ Hotel Sedona clinched the runner-up place in the ASEAN Best Practice Competition for Energy Management in Building and Industry (Small and Medium category).

→ Hotel Sedona was lauded for Best in Green and Environmental Practices by the Government of North Sulawesi.

→ Ocean Financial Centre was conferred the Solar Pioneer Award, an award co-organised by the Singapore Business Federation, Sustainable Energy Association of Singapore, the Economic Development Board and the Energy Market Authority.

CORPORATE CITIZENRY

→ Keppel Corporation received the Distinguished Patron of the Arts Award from the Singapore National Arts Council.

→ Keppel Land was recognised as the Most Admired ASEAN Enterprise under the corporate social responsibility category at the ASEAN Business Awards 2010.

→ Keppel Shipyard was conferred the Minister for Defence Award while Keppel Logistics received the Meritorious Defence Partner Award at the annual Total Defence Partner Award.

→ Keppel Singmarine won the Pinnacle Award and SHARE Platinum Award for its unwavering support and commitment to Community Chest. Keppel FELS also won the SHARE Platinum Award while Keppel Logistics and Keppel Shipyard received the SHARE Gold Awards. Keppel Corporation was bestowed the Corporate Gold Award for its long involvement in charitable causes.

SAFETY

→ The Keppel Group garnered 12 awards at the Workplace Safety and Health Awards 2010.

→ For all-round safety performance, Keppel Singmarine received the WSH Performance Silver Award for the fourth year in a row while Keppel Seghers NEWater Development bagged its first.

→ Keppel FELS won the Achievement in Safety Award at the Lloyd's List Awards.

→ Keppel Nantong Shipyard received a Safety Excellence Award from the Nantong Administration of Work Safety.

→ Keppel's properties at Keppel Bay as part of the HarbourFront Cluster have been conferred one of 10 Safe and Secure Watch Group Awards.

Keppel Group emerged a big winner at the 2010 Singapore Corporate Awards, which recognised Keppel's excellence in corporate governance and transparency.

Creating Value Through Innovation

To sustain our growth, Keppel is committed to develop our businesses with the twin focus of technology innovation and value creation.

→ Systematic technology development framework spearheaded by Keppel Technology Advisory Panel, supported by Keppel Offshore & Marine Technology Centre and Keppel Environmental Technology Centre

→ A range of innovative products designed and developed to meet the needs of our customers

→ Harnessing our technology advantage to provide sustainable urbanisation solutions

→ Boosting productivity and efficiency through effective cost management and project management skills

Keppel Offshore & Marine Technology Centre collaborates with research institutes and industry partners to anticipate and develop new technologies and solutions that will meet the future needs of the global offshore and marine industry.


Keppel has a range of proprietary rig solutions.
Keppel FELS

Keppel Group's Sustainable Growth Drivers

NURTURING A CULTURE OF INNOVATION

At Keppel, a key engine of our sustainable growth and value creation is our focus on and commitment towards technology innovation. For years, we have sought to align our research and development (R&D) activities to complement our business activities, with the aim of developing solutions that are commercially viable and adaptable to the needs of the industries which we are in.

Our culture of innovation, developed and nurtured through our over four decades of existence, has also improved the overall productivity and efficiencies of our workforce. Together with our value-based mindset inculcated across the Group following a restructuring exercise in 2001, we have achieved good growth for the last ten years, culminating in a record net profit of $1,419 million in 2010.

Our twin focus on innovation and value has empowered and fortified the Group well to weather the recent years of economic uncertainty, and readied us to ride on the upturn to capture more growth opportunities.

Underlying our R&D efforts across our businesses is the deep-seated desire to value-add to our customers, by developing quality and cost-effective solutions to meet their needs.

SYSTEMATIC TECHNOLOGY DEVELOPMENT

Within Keppel, we have put in place a number of key drivers to sustain and enhance our technology innovation capabilities. At the apex of this is the Keppel Technology Advisory Panel (KTAP), supported by two centres of excellence launched in 2007 to implement the strategic vision of the Panel and to coordinate R&D efforts within the businesses. They are the Keppel Offshore & Marine Technology Centre (KOMtech) and Keppel Environmental Technology Centre (KETC).

Keppel Technology Advisory Panel

Established in 2004, the KTAP is envisioned to be a key platform for sustaining the Group's technology leadership. In addition to providing strategic leadership for our R&D efforts, KTAP also mentors and challenges the robustness of initiatives in research, development, testing and commercialisation of new products and services in our various businesses.

With participation from the Board and senior management, KTAP convenes one or two times a year. Chaired by Professor Cham Tao Soon, President Emeritus of Nanyang Technological University (NTU) and Chancellor of UniSIM, KTAP comprises eight other academic and industry experts from both the local and international arena (please see details of KTAP members on page 34 of this Report).

KTAP has proven over the years to be an effective catalyst in identifying areas to sustain our competitive edge and in fostering a vibrant R&D culture within the Group.

Developing Offshore & Marine Technology

Launched in 2007, KOMtech underscores Keppel Offshore & Marine's (Keppel O&M) commitment to long-term R&D. The mission of KOMtech is to develop competencies, promote innovation, stimulate and carry out application research and product/process development, and engage in technology foresight to create strategic advantages for Keppel O&M.

KOMtech complements and augments the work of the three technology units within Keppel O&M – Offshore Technology Development which specialises in jackup and their critical systems; Deepwater Technology Group which specialises in semisubmersibles and other deepwater structures; and Marine Technology Development which has expertise in specialised ship design. At the moment, KOMtech employs about 45 research engineers, of which 18 are PhD holders and another 15 are Master degree holders.

Our commericial developments such as Ocean Financial Centre incorporates environmentally-friendly initiatives such as green havens.

Leveraging existing and proprietary technologies, KOMtech is also in collaboration with universities, research institutes and industry partners worldwide in its work to anticipate and develop new technologies and solutions that will meet the future needs of the global offshore & marine industry.

Driving Environmental Technology Solutions

Established in 2007, KETC underscores Keppel Integrated Engineering's (KIE) commitment to long-term innovation in environmental solutions. KETC initiates, manages, and conducts R&D within KIE, and also collaborates with leading academic and research institutions worldwide. Research partners include research institutes of Singapore's A*STAR, universities and polytechnics, UK's Cranfield University and Netherlands Organisation for Applied Scientific Research.

KETC works closely with Keppel Seghers Belgium on cutting-edge technologies in wastewater treatment and waste-to-energy systems that translate into innovative yet value-enhancing solutions. A case in point is the Spacer and Turbo-Charger projects that have resulted in significant cost savings for the Keppel Seghers Ulu Pandan NEWater Plant in Singapore.

In 2010, KETC was successful in a National Research Foundation call for Competitive Research Funding for a Co-Digestion project with one of our research partners. The same year, KETC achieved two US provisional patents (PCTs) on anaerobic wastewater treatment technology. The patented improved digestor is envisaged to be highly efficient in producing green biogas, while achieving cost savings. It might also address the need for higher strength wastewater derived from both municipal and industrial sectors.

DEVELOPING PRODUCTS FOR CUSTOMERS

At Keppel, we ensure that whatever we create must help our customers achieve their commercial and business goals. When we launch a new product or pursue a new market segment, we balance the risks with the rewards carefully.

This is well demonstrated in the development of our own proprietary jacking and fixation systems for the offshore industry in the 1990s, which today are key components used in all Keppel-designed jackup rigs. The key motivation then in developing our own systems was to have better control over the supply and costs, so that we can deliver good quality products on time and within budget to our customers.

Following this, we continued to seek ways to improve on our rigs with strong inputs from our customers to create value for them. We combine the best of our rig building experience with design and engineering expertise to develop and offer robust solutions.

We also work hand-in-hand with trendsetting industry partners and various universities such as the National University of Singapore, Nanyang Technological University, University of Western Australia, Oxford University, among others, to sharpen our edge in technology. This enables us to further enhance and refine our products, as well as grow our knowledge base.

Proprietary Jackup Rig Designs

1997 was a significant year for Keppel FELS as it entered the world of rig design, acquiring rights to the Freide & Goldman MOD V and MOD VI jackup rigs. The two jackup models were further improved upon by our Offshore Technology Development unit and evolved to become Keppel's proprietary KFELS B Class and KFELS G Class rig designs. These designs were further improved upon which gave rise to a comprehensive range of winning jackup models in our technology portfolio.

When the offshore industry revived in 2002, after a long dry spell, we were ready with our own set of viable and cost-effective rig and ship solutions to meet the burgeoning demand, spurred by decades of under investment worldwide in this sector.

Our new solutions, such as the KFELS B Class jackup rig design launched in 2000, were quickly soaked up by the market. To-date, Keppel FELS has delivered a total of 33 KFELS B Class jackup rigs to customers operating in different parts of the world. For its environmentally-friendly features, the KFELS B Class design was also bestowed the Prestigious Engineering Achievement Award from Institution of Engineers Singapore in 2009. We further enhanced the KFELS B Class for high pressure, high temperature drilling of up to 35,000 feet, and came up with the KFELS Super B Class jackup rigs.

Other high-specification, high performance jackup rigs in the KFELS design stable are:

- KFELS Super A Class: A viable and cost-effective solution for harsh environments and cold climate areas. It features advanced automated drilling systems with 2.5 million pounds of static hook load, a spacious deck and comprehensive amenities for the comfort of a 150-person crew.

- KFELS N Class: This high-specification jackup is designed and equipped for demanding drilling requirements in harsh weather environments, such as the North Sea.

Robust Vessels for Ice Environments

We have also been able to apply our technology and engineering expertise to create solutions for ice environments offshore. In 2008, Keppel Singmarine successfully engineered and constructed a pair of Arctic icebreakers for our Russian customer LUKOIL in the tropics of Singapore. These are the first icebreakers to be built in Asia.

Built in compliance with the Russian Maritime Register of Shipping's standards, these vessels can cut through solid ice over 1.7 m thick and operate in temperatures as low as -45°C. Their main functions are to perform ice channeling for tankers within the terminal area, and assist in tanker manoeuvring, mooring and loading. Importantly, the two icebreakers were built to "clean design" and "zero discharge" standards to better protect the fragile Arctic environment.

In 2009, Keppel Singmarine also constructed the first ice-class Floating Storage Offloading (FSO) vessel to be completed and deployed in the Caspian region for LUKOIL.

At present, we are trying to push the boundaries even further by looking into ice-worthy jackup rigs that can facilitate oil and gas exploration and production in expanded weather window.

MEETING THE "GREEN" DEMAND

With the global megatrends of rapid urbanisation and awareness of climate change, there is growing demand for sustainable environmental solutions. With the fast expanding population in the world, the need to efficiently treat large amounts of waste and wastewater becomes more urgent by the day. In addition, to mitigate the impact of global warming, the use of renewable energy is expected to triple between 2008 to 2035, with the bulk of the increase primarily from wind and hydropower.

Keppel is well-positioned to meet such a demand trend with our range of technologically advanced and proven solutions, from waste-to-energy plants, green buildings to offshore wind turbine installation vessels, and foundations and cable laying vessels.

Advanced Waste and Water Treatment Technologies

KETC, the R&D arm of KIE, focuses on innovating water, wastewater treatment and solid waste treatment technologies

Innovative Drillship Design

1

2

To meet the growing demand for robust solutions in the ultra-deep waters of Brazil, Gulf of Mexico and West Africa, Keppel O&M's Deepwater Technology Group, together with leading designer SBMGustoMSC, jointly developed one of the first compact drillship designs in the world.

Called DrillDeep DS12000, it is a cost-effective rival to its larger peers. It is more energy-efficient and easier to maintain. Spanning 198 m in length, its construction requires just 16,000 tonnes of steel compared to the standard 28,000 tonnes.

Unlike typical drillship, whose risers and key equipment are located on the main deck, the topsides of DrillDeep DS12000 are fully integrated within the ship's hull. This frees up a generous deck space. It is capable of drilling down to 40,000 ft below the rotary table and operating at a water depth of 12,000 ft. It is also able to attain transit speeds as high as 14 knots.

Another innovative drillship design which is jointly developed by KOMtech, Keppel FELS and Stena Drilling is the slim drillship. This design is engineered to economically and effectively perform subsea well maintenance, intervention and light drilling operations.

At 145 m long, the slim drillship is smaller in size compared to a standard drillship. Utilising a high pressure riser, the slim drillship is capable of drilling and well intervention work in a maximum well depth of 22,500 ft below rotary table in water depths no deeper than 7,500 ft.

The slim high pressure riser allows intervention tools access into wells containing hydrocarbons, thereby eliminating the need to fill the well with drilling mud. This riser also enables the drillship to bore through sections of old wells which have been depleted, something traditional drillships cannot achieve for fear of damaging the well.

1_DrillDeep DS12000
2_Slim drillship design

Keppel Environmental Technology Centre is currently researching into the treatment of biosolids waste with energy recovery and treatment of high strength industrial wastewater, among others.

for commercial applications. Currently, KETC is working on a number of projects, including the treatment of biosolids waste with energy recovery and seawater desalination.

KETC is exploring a new and more effective way to treat and recycle sludge, a by-product of municipal wastewater treatment processes. Known as the REDOXAN® process, it is essentially a two-stage fermentation process whereby the residual biomass, after the second stage of aerobic digestion, is separated and submitted to either a mechanical treatment, chemical treatment or both, before being recycled to the first stage of anaerobic digestion.

Through the REDOXAN® process, almost complete digestion of the sludge and maximum biogas production can be achieved, therefore treating sludge more effectively and producing green energy at the same time. Preliminary results have been encouraging and a cost-benefit analysis is currently being conducted.

On wastewater treatment, KIE has identified an emerging clean and sustainable wastewater technology. KETC is developing this jointly with KIE's Industrial Solutions team and has won a research grant. This system can treat varying grades (strengths) of wastewater and therefore has wide applications especially for upgrading or retrofitting of existing plants. It is also applicable to new industrial wastewater treatment plants, is easy and economical to retrofit, construct and operate due to its compact nature and concise process design. Besides lower energy consumption, this technology contributes to significant nitrogen removal, negligible sludge discharge, and the ability to generate biofuel.

For water treatment, KETC secured a TechPioneer funding for seawater desalination. The team is presently working on a demonstration plant targeted to be ready by end of this year.

Tapping the Offshore Wind Potential

With our established track record in the offshore drilling industry, we see growth potential and value in applying our technological know-how in the area of renewable energy. In July 2010, we entered into a partnership with Seafox

Group, a leading offshore fleet owner and operator, to commercialise a new vessel concept based on our jackup technology for the offshore wind energy sector.

The KFELS Multi-Purpose Self Elevating Platform, or KFELS MPSEP, is a cutting-edge wind turbine installation vessel that can withstand harsh offshore conditions all year round in the North Sea. Its maximum operating water depth of 65 m, is by far one of deepest in the industry, and some 45% deeper than the capability of existing vessels. Made to withstand extreme storm conditions, the vessel provides a potentially longer operational window for its operators.

Apart from the offshore wind energy sector, the KFELS MPSEP also meets all the stringent operating regulations of the offshore oil and gas industry and can support a wide range of related activities such as accommodation, well intervention, maintenance, construction and decommissioning.

Green Developments

To create live-work-play environments of enduring value for the communities in our key markets, we are committed to incorporate environmentally-friendly and innovative energy saving features in our property developments to ensure minimal impact on the environment.

Our commercial developments in Singapore such as the Ocean Financial Centre (OFC) and Marina Bay Financial Centre (MBFC) are equipped with environmentally-friendly features. OFC will feature a roof photovoltaic system, an energy-efficient hybrid-chilled water system and an integrated paper recycling facility. Power-saving LEDs will also be used to light up the building facade. MBFC will incorporate curtain-wall glass cladding system which reduces the solar heat load and as a result, less energy is required for cooling.

One Raffles Quay, an office development in the Marina Bay area in Singapore under the portfolio of K-REIT Asia, hosts a district cooling plant which provides chilled water for efficient air-conditioning for itself as well as adjoining developments.

Away from Singapore, Keppel Group is the leader of the Singapore consortium of a landmark bilateral project between China and Singapore, known as the Sino-Singapore Tianjin Eco-City. This 30-sq km Eco-City is envisioned to create a socially harmonious, environmentally-friendly and resource efficient community that meets the needs of an urbanising China.

We are one of the first foreign property developers to commence construction and sales of eco-homes within the Eco-City. Our eco-homes are in compliance with the Eco-City's Green Building Evaluation Standards (GBES). The standards requirements include:

– Achieving at least 70% reduction in building energy consumption compared to buildings designed to local Design Standard 1980–81;
– Meeting 5% of total building energy demand from renewable energy sources;
– All apartment units and 40% of public spaces to receive at least two hours of sunlight during winter;
– Green ratio of more than 30%;
– Reduction of construction materials wastage through optimal design; and
– Sourcing materials from within a 500-km radius.

BOOSTING PRODUCTIVITY WITH INNOVATION

As part of our continuous process to create value for the Group as well as our stakeholders, we are constantly seeking ways to manage our costs through improving the productivity of our workforce and enhancing our operational efficiencies. This has been a key formula in sustaining Keppel's growth through the years, and will continue to be a hallmark of Keppel's business strategy.

A highly efficient operational framework has helped Keppel O&M to sustain its position as the world's leading offshore rig designer and builder. By constantly enhancing our processes through innovation, we have been able to deliver more rigs by maximising resources and reducing wastage.

The drive for enhanced productivity in Keppel is both a top-down and a bottom-up approach. For instance, a productivity improvement taskforce was established within Keppel O&M last year to formalise efforts and implement strategies to achieve continuous productivity improvements over the longer term. Keppel O&M employees also participate actively in the productivity enhancement movement by submitting resource-optimising ideas at the annual Innovation Quality Circle (iQC) Conventions. Every year, cost savings of up to several million dollars are generated from employees' innovations.

At the logistics division of Keppel Telecommunications & Transportation, the aim is to provide transportation solutions to enable timely and efficient deliveries of customers' goods. The company recently invested in a new Transport Management System that enables it to better process information across its customers' supply chains. This ensures that information on delivery status is seamlessly translated into timely operational execution. The improved planning capability of the new system also enhances the overall efficiency and performance of the operations.

Operating & Financial Review

The Keppel Group is in the Offshore & Marine, Infrastructure and Property businesses to deliver sustainable earnings growth. With total assets of $20.98 billion as at end-2010, the Group serves a global customer base through its business units strategically located in over 30 countries.

Some of the key factors influencing our businesses are global and regional economic conditions, oil and gas exploration and production activities, real estate markets, threats, currency fluctuations, capital flows, interest rates, taxation and regulatory legislation. As the Group's operations involve providing a range of products and services to a broad spectrum of customers in many geographic locations, no one factor, in management's opinion, determines the Group's financial condition or the profitability of our operations.

In this section on the operating and financial review, we seek to provide a strategic, market and business review of the Keppel Group's operations and financial performance. We have described the key activities of our businesses and their impact on Keppel Group's performance. We have also discussed the challenges in our operating environment, and how we balance the short-term pressures and longer-term strategies.

This discussion and analysis is based on the Keppel Group's consolidated financial statements as at 31 December 2010.

Contents

Group Structure

Keppel Corporation Limited

Offshore & Marine

- Offshore rig design, construction, repair and upgrading
- Ship conversions and repair
- Specialised shipbuilding

Keppel Offshore & Marine Limited 100%

- Keppel FELS Limited 100%
- Keppel Shipyard Limited 100%
- Keppel Singmarine Pte Ltd 100%
- Keppel Nantong Shipyard Company Limited 100% *China*
- Offshore Technology Development Pte Ltd 100%
- Deepwater Technology Group Pte Ltd 100%
- Marine Technology Development Pte Ltd 100%
- Keppel AmFELS LLC 100% *United States*
- Keppel Verolme BV 100% *The Netherlands*
- Keppel FELS Brasil SA 100% *Brazil*
- Keppel Singmarine Brasil Ltda 100% *Brazil*
- Keppel Norway AS 100% *Norway*
- Keppel Philippines Marine Inc 96% *The Philippines*
- Subic Shipyard & Engineering Inc 87% *The Philippines*
- Keppel Kazakhstan LLP 50% *Kazakhstan*
- Caspian Shipyard Company Limited 45% *Azerbaijan*
- Arab Heavy Industries PJSC 33% *UAE*
- Nakilat-Keppel Offshore & Marine Ltd 20% *Qatar*

Infrastructure

- Environmental engineering
- Power generation
- Logistics and data centres

Environmental Engineering

Keppel Integrated Engineering Ltd 100%

- Keppel Seghers Engineering Singapore Pte Ltd 100%
- Keppel FMO Pte Ltd 100%
- Keppel DHCS Pte Ltd 100%
- Keppel Seghers Belgium NV 100% *Belgium*
- K-Green Trust 49%

Power Generation

Keppel Energy Pte Ltd 100%

- Keppel Merlimau Cogen Pte Ltd 100%
- Keppel Electric Pte Ltd 100%
- Keppel Gas Pte Ltd 100%

Logistics and Data Centres

Keppel Telecommunications & Transportation Ltd 80%

- Keppel Logistics Pte Ltd 100%
- Keppel Data Centres Holding Pte Ltd 100%
- Keppel Logistics (Foshan) Pte Ltd 70% *China*

Property

- Property development
- Property fund management
- Property trusts

Keppel Bay Pte Ltd 100%
70%

30%

Keppel Land Limited 52%

46%

K-REIT Asia 76%
30%

- Keppel Land International Limited 100% *Southeast Asia, India and Middle East*
- Keppel Land China 100% *China*
- K-REIT Asia Management Limited 100%
- Alpha Investment Partners Ltd 100%

Investments

- Investments
- Telco

k1 Ventures Limited 36%

MobileOne Ltd[2] 20%

[1] Owned by Singapore Consortium, which is 90%-owned by the Keppel Group – Keppel Corporation (45%), Keppel Land (35%) and Keppel Integrated Engineering (20%)

[2] Owned by Keppel Telecommunications & Transportation Ltd, an 80%-owned subsidiary of the Company

Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd[1] 50% *China*

Group Corporate Services

- Control & Accounts
- Corporate Communications
- Corporate Development/ Planning
- Human Resources
- Legal
- Risk Management
- Audit
- Tax
- Treasury

The complete list of subsidiaries and significant associated companies is available on pages 208 to 218 of this Report.

Management Discussion and Analysis

Key Performance Indicators

	2010 $ million	10v09 % +/(-)	2009 $ million	09v08 % +/(-)	2008 $ million
Revenue	**9,783**	-20	12,247	+4	11,805
Net profit before exceptional items (Net Profit)	**1,419**	+12	1,265	+15	1,097
Exceptional items	**204**	-43	360	n.m.	1
Attributable profit after exceptional items	**1,623**	-0.1	1,625	+48	1,098
Operating cash flow	**450**	-33	670	-67	2,047
Free cash flow	**(193)**	n.m.	1,097	-42	1,899
Economic Value Added (EVA)	**1,035**	+1	1,026	+20	855
Earnings per share (EPS)	**88.7 cts**	+12	79.4 cts	+15	69.0 cts
Return on equity (ROE)	**22.3%**	-7	23.9%	+7	22.4%
Total distribution per share	**42.0 cts**	-31	61.0 cts	+74	35.0 cts

GROUP OVERVIEW

For the year, net profit of the Group increased by 12% to reach a record of $1,419 million. The compound annual growth rate (CAGR) for net profit from 2005 to 2010 was 20%. Attributable profit after exceptional items was $1,623 million.

Earnings per share (EPS) of 88.7 cents were 9.3 cents above 2009 and 19.7 cents above 2008. EPS growth kept pace with net profit growth. Return on equity (ROE) was 22.3%. Economic Value Added (EVA) before exceptional items rose $9 million to $1,035 million, the highest ever attained by the Group.

Net cash from operating activities was $450 million compared to $670 million in the previous year due to increased working capital and higher income taxes paid, partly offset by higher operating profit. The Group spent $1,266 million on acquisitions and operational capital expenditure. This comprised principally acquisition of two commercial buildings in Australia, equity injection into the Sino-Singapore Tianjin Eco-City project, further investment in Marina Bay Financial Centre and redevelopment cost of Ocean Financial Centre. After taking into account dividend income and divestment proceeds, net cash used in investing activities was about $643 million. The resultant free cash outflow was $193 million.

With the strong performance, shareholders will be rewarded with a total distribution of 42 cents per share for 2010. This comprised a proposed final dividend of 26 cents per share and the interim dividend of 16 cents per share paid in August 2010. The total payout for 2010 exceeds $673 million.

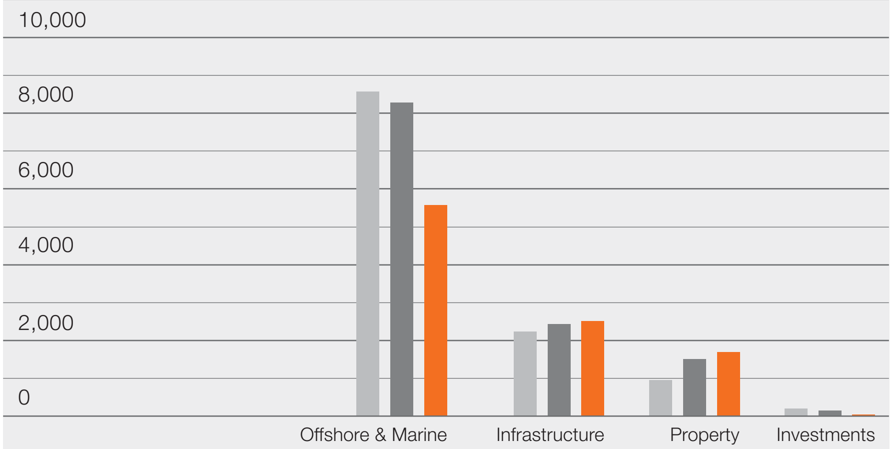
SEGMENT OPERATIONS

Group revenue of $9,783 million was $2,464 million or 20% lower than that of the previous year. Revenue from Offshore & Marine Division of $5,577 million was $2,696 million or 33% lower and accounted for 57% of Group revenue. The decrease in revenue was due to lower volume of work. Revenue from Infrastructure Division of $2,510 million was $83 million or 3% higher and accounted for 26% of Group revenue. The higher revenue earned from the electricity and gas businesses of Keppel Energy, was partly offset by the lower revenue from EPC contracts in Qatar. Revenue from Property Division of $1,685 million was $177 million or 12% higher due to sale of apartments at Keppel Bay and progressive revenue recognition from Reflections at Keppel Bay, partly offset by lower revenue from Keppel Land as several residential projects were completed last year.

Group net profit of $1,419 million was $154 million or 12% higher than that of the previous year. Profit from Offshore & Marine Division of $987 million was 22% higher because of improved operating margins. The division remains the largest contributor to Group net profit with 70% share. Profit from Infrastructure Division of $57 million was 55% lower due to losses from EPC contracts in Qatar, partially offset by better performance by Keppel Energy. Profit from Property Division of $326 million was $116 million or 55% higher than that of previous year due to contribution from several residential projects in Singapore, China and Vietnam, and share of profit of associated company developing Marina Bay Suites in Singapore. Profit from Investments was lower due to the disposal of Singapore Petroleum Company in June 2009.

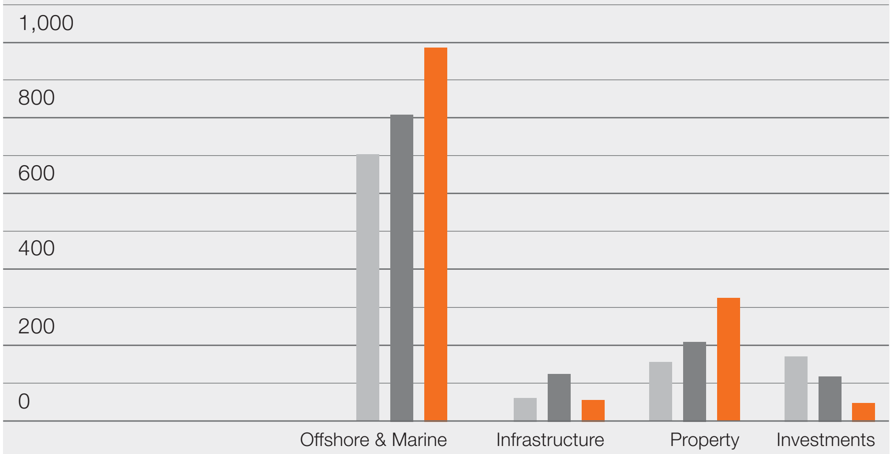
Revenue
($ million)

	Offshore & Marine	Infrastructure	Property	Investments
2010 $9,783 million	**5,577**	**2,510**	**1,685**	**11**
2009 $12,247 million	8,273	2,427	1,508	39
2008 $11,805 million	8,569	2,232	950	54



Net Profit
($ million)

	Offshore & Marine	Infrastructure	Property	Investments
2010 $1,419 million	**987**	**57**	**326**	**49**
2009 $1,265 million	810	126	210	119
2008 $1,097 million	705	63	157	172



Alpha Star, the second DSS™ 38 rig delivered early and within budget to Brazilian operator, Queiroz Galvão Óleo e Gás, is in the league of the world's most advanced drilling semisubmersibles.

Profit before Tax

$1,242m

Increased 15% from FY 2009's $1,081 million.

Net Profit

$987m

Increased 22% from FY 2009's $810 million.

Major Developments in 2010

→ Continued delivery excellence with 12 rigs, five FPSO/FSRU conversions, 18 specialised vessels, and several rig upgrades and repairs.

→ Acquired new shipbuilding yard in Santa Catarina, Brazil.

→ Took a stake in the new Baku Shipyard in Azerbaijan.

→ Inaugurated Nakilat–Keppel Offshore & Marine shipyard in Qatar.

→ Partnering Seafox to build first KFELS MPSEP for offshore wind market.

→ Increased stake in Subic Shipyard and Engineering Inc in the Philippines.

Focus for 2011/2012

→ Deliver value through excellent project management and execution.

→ Enhance R&D initiatives to strengthen position as market leader in selected segments.

→ Explore opportunities in new markets and adjacent businesses.

→ Maximise and realise operational efficiencies.

→ Sustain prudent cost management.

→ Focus on Health, Safety and the Environment.

Keppel Offshore & Marine aims to be the choice provider and solutions partner in its selected segments of the offshore and marine industry.

EARNINGS REVIEW

In 2010, the Offshore & Marine Division secured new orders worth a total of $3.2 billion, and a net orderbook of $4.6 billion as at year-end, with deliveries extending to 2013. Revenue of $5,577 million was $2,696 million or 33% lower than 2009 due to lower volume of work. On the other hand, pre-tax earnings increased by 15% to $1,242 million, owing to improved margins driven by cost efficiencies and higher productivity. Operating profit margin for 2010 reached a high of 20.1%. Net profit of $987 million was $177 million or 22% higher than in 2009. The Division remains the largest profit contributor to the Group, accounting for 70% of net profit.

MARKET REVIEW

Global economic recovery in 2010 brought some degree of stabilisation to the offshore and marine industry, relative to the volatility of previous years. The pace of recovery of the industry was backed by the strong oil trade and bullish oil prices. Continuing the uptrend seen in late 2009, oil prices remained in the trading range of US$70 to US$90 per barrel for the most part of 2010.

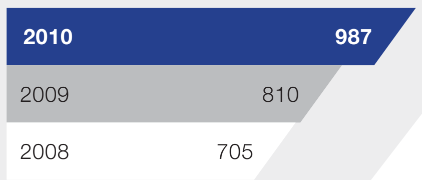
Against the backdrop of recovery in the first half of 2010, the industry faced a setback with the blowout of the Macondo well in the US Gulf of Mexico (GoM), which led to a subsequent ban on deepwater drilling in the GoM. In the aftermath of the worst offshore oil spill in US history, the industry faced uncertainty as the incident and its implications looked set to leave an indelible mark on the regulatory face of the offshore industry.

By the year's closing however, the industry proved remarkably resilient. The early lifting of the drilling moratorium had a positive effect on utilisation and dayrates for deepwater rigs. Drilling activities in the GoM look set to pick up gradually as the permitting process continues. The tougher safety regulations imposed on offshore rigs brought about a demand for newer, high specification rigs which Keppel Offshore & Marine (Keppel O&M) is well poised to provide.

Earnings Highlights

	2010 $ million	2009 $ million	2008 $ million
Revenue	**5,577**	8,273	8,569
EBITDA	**1,252**	1,129	932
Operating Profit	**1,119**	1,004	837
Profit before tax	**1,242**	1,081	943
Net Profit	**987**	810	705
Manpower (number)	**23,832**	24,275	27,437
Manpower cost	**975**	983	956
ROE	**63%**	68%	61%

Net Profit
($ million)



Keppel FELS delivered Floatel Superior and Floatel Reliance, accommodation rigs offering the highest standards of health and safety features for the well-being of the crew.

OPERATING REVIEW

2010 was another landmark year of deliveries for Keppel O&M, with a total delivery of 12 rigs, 5 FPSO/FSRU conversions, 18 specialised vessels and several upgrades and repairs. Keppel O&M also secured significant new contracts worth a total of $3.2 billion with deliveries into 2013, closing its net orderbook at $4.6 billion for 2010.

Offshore

2010 was a prolific year for Keppel FELS, which saw a total of eight deliveries, consisting of three jackups and five semisubmersible (semi) rigs. Included in the three jackups delivered, was the first North Sea-compliant, dual-capability, high-specification and harsh environment KFELS N Class rigs built for Rowan Companies, Inc. (Rowan). This rig is the first of its kind to go into service. The other two jackups were of the proprietary KFELS B Class design. Two floating accommodation semis were delivered early to a new Keppel FELS client, Floatel International. Keppel FELS also delivered early the third and fourth of seven newbuild units in the ENSCO 8500 series. A DSS™ 21 drilling semi was also delivered ahead of schedule to Maersk Drilling (Maersk).

Keppel FELS also executed several major upgrading/repair jobs in 2010, with the early completion of work on four rigs. Scarabeo 9, a Frigstad D90 semi owned by Saipem S.p.A. (Saipem), was towed to the yard to complete installation and commissioning works. Keppel FELS also secured the contract for the upgrade, repair and refurbishment of the ENSCO 7500 semi.

Interest in wind turbine installation vessels spiked with the development of several wind farms in Western Europe. Keppel FELS marked its entry into this market with its proprietary design for a multi-purpose self-elevating platform (MPSEP) that was chosen by Seafox Group as the basis for a new-generation wind turbine and foundation installation vessel.

Several key newbuild contracts were secured by Keppel FELS in 2010, including four KFELS B Class newbuild rig orders as well as a contract early in the year to build Saudi Aramco's first purpose-built jackup, constructed to KFELS Super B Class design.

The overseas yards also had a productive year in 2010. Keppel AmFELS delivered four newbuild projects. One jackup was delivered to repeat customer Perforadora Central S.A. de C.V. The yard also completed three out of the four EXL rigs for Rowan of which the early delivery of one rig earned the company a bonus. The construction of the fourth rig for Rowan is progressing well, within schedule and budget.

Keppel FELS Brasil achieved several deliveries in 2010. The P-57 Floating Production Storage and Offloading (FPSO) vessel was delivered to SBM Offshore N.V. (SBM Offshore) in October 2010, early, within budget and safely. The company also completed repair, upgrading and maintenance work on several other vessels for repeat customers Pride International, Inc., Diamond Offshore Drilling, Inc., Transocean Ltd., and Queiróz Galvão Óleo e Gás (QGOG). Ongoing projects in the yard include the upgrading of a drillship for Noble Corporation, the upgrade and repair of a BGL-1 pipelay barge and the engineering, procurement and construction (EPC) work on P-56 semi Floating Production Unit, both for Petrobras Netherlands BV (Petrobras). The company also started work on a US$1 billion contract to build and operate the P-61 tension leg wellhead platform for the Papa-Terra Field. The contract was signed between FloaTEC Singapore and Petrobras Netherlands. FloaTEC Singapore is a joint venture company between J Ray McDermott and Keppel FELS.

Keppel FELS Brasil implemented several major projects in 2010 to improve the yard's productivity and cost effectiveness. For its efforts, the company earned several safety and early delivery awards. The yard achieved 1 million man-hours worked without LTI (lost-time incidents) on P-57, earning a US$20,000 bonus from SBM Offshore, and received a US$1.5 million bonus from QGOG. The BGL-1 and P-56 vessels also enjoyed stellar safety records, with the yard respectively achieving 2 million and 1 million man-hours worked without LTI.

Significant Events

January

→ Keppel FELS secured a contract to build Aramco Overseas Company B.V.'s first purpose-built jackup, a customised KFELS Super B Class jackup.

February

→ FloaTEC Singapore signed a contract worth about US$1 billion to build and operate the P-61 tension leg wellhead platform for the Papa-Terra Joint Venture in the Campos Basin, Brazil.

March

→ Keppel FELS delivered Floatel Superior, a semisubmersible accommodation rig to Floatel International (Floatel).

→ Keppel O&M broke ground on a new 52-ha shipbuilding and shiprepair yard in Baku, Azerbaijan, jointly developed with the State Oil Company of Azerbaijan Republic (SOCAR) and Azerbaijan Investment Company.

→ Keppel Verolme and consortium partner AREVA Energietechnik GmbH secured a €62 million contract from Wetfeet Offshore Windenergy GmbH to build a Mobile Offshore Application Barge.

April

→ Keppel O&M fortified its market leadership in Brazil with the acquisition of a 7.6-ha shipbuilding yard at Navegantes, Santa Catarina. The new yard would focus on the construction of offshore support vessels.

President of SOCAR, Mr Rovnag Abdullayev (second from left) introduced the capabilities of the new Baku Shipyard to Azerbaijani President, HE Ilham Aliyev (extreme left); Chairman of Keppel Corporation, Dr Lee Boon Yang (third from left) and Singapore's Minister for Foreign Affairs, Mr George Yeo.

Keppel Verolme performed repair and maintenance work on several vessels in 2010. The company also signed a letter of intent with Maersk for the fabrication and installation of a set of spud cans for a jackup. It also secured a contract to build a transformer platform for an offshore wind farm.

In the Caspian region, Keppel Kazakhstan had another busy year with the continuation of the Agip KCO contract to fabricate pipe racks, pontoons and ancillary steelwork for the experimental phase of the Kashagan field development. It delivered 52 pipe-rack modules, various offshore steel structures and three pontoons in 2010. The company also secured a contract from Agip KCO to build two additional units of pontoons, with delivery scheduled for September 2011.

For Caspian Shipyard, the year was relatively quiet, with the completion of the pipe-rack project for Agip KCO and the integration of a derrick lay barge for Bumi Armada Berhad (Bumi Armada). A repair job was secured from Saipem, and this was completed in May 2010. During the year, the shipyard effectively managed its costs by trimming its workforce and reducing overhead costs.

Marine
Keppel Shipyard continued to perform well in yet another challenging year for the shiprepair industry. The company repaired a total of 302 vessels in 2010. Repeat customers and companies with fleet agreements with Keppel Shipyard accounted for more than 60% of repair revenue. In conversions and newbuilds, the yard completed five FPSO/FSRU conversion/upgrading

Opposite_Towering at 568 ft or about 56 storeys high, the North Sea-compliant, dual capability high specification KFELS N Class rig was delivered to Rowan safely, on time and within budget.

Significant Events

June
→ Keppel opened the Keppel Safety Training Centre, a first-of-its-kind immersive safety training hub, offering a complete range of safety training and certification courses.

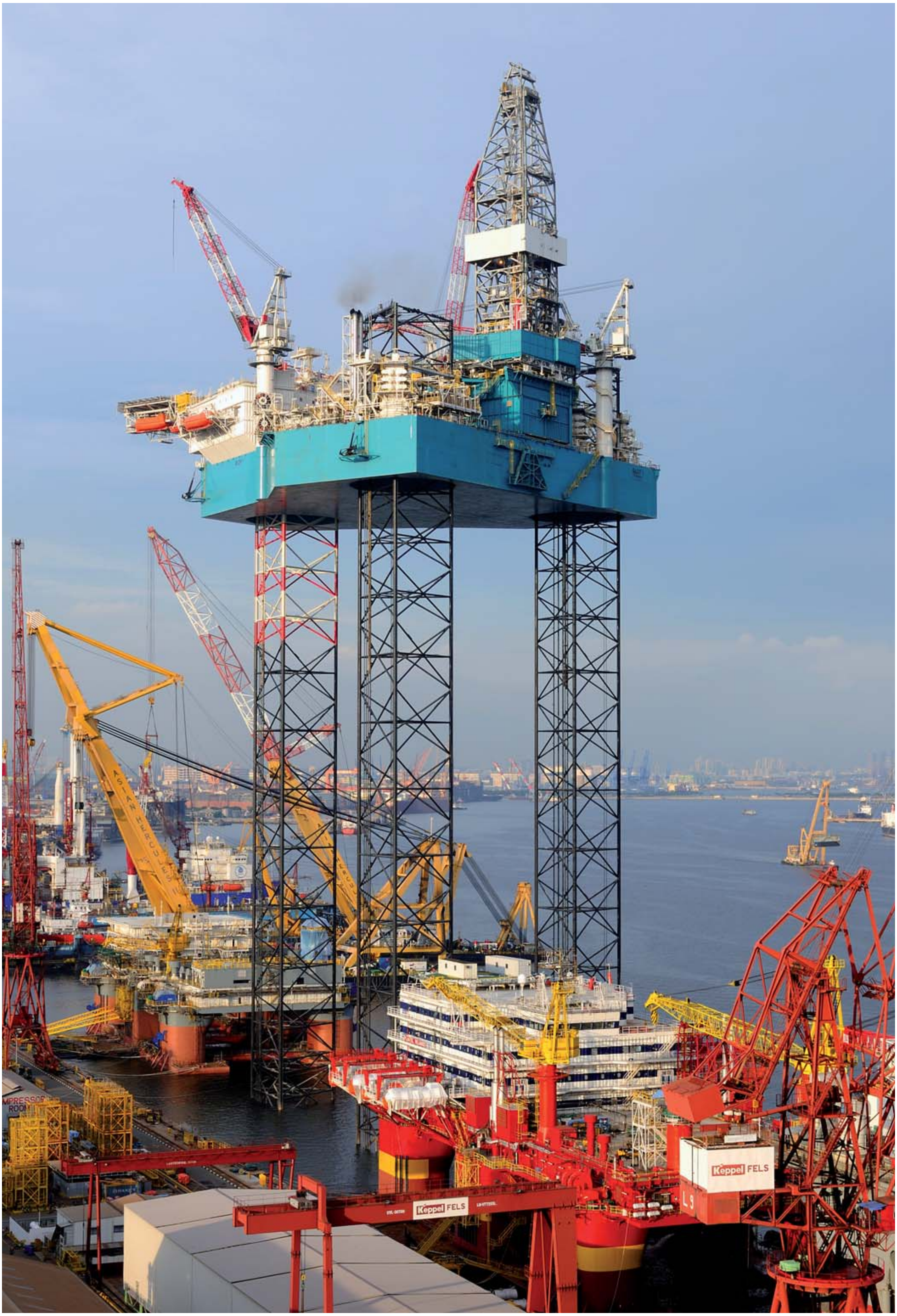
July
→ Keppel Shipyard and Keppel FELS Brasil secured two Brazilian projects totaling $170 million from repeat customers SBM and QGOG, for the conversion of a FPSO vessel and the repair of a semi.

→ Keppel FELS's multi-purpose self-elevating platform design was chosen by Seafox Group as the basis for a new-generation wind turbine installation vessel.

August
→ Keppel increased its stake in Subic Shipyard and Engineering Inc, a repair, conversion and newbuilding yard in the Philippines.

→ Keppel Shipyard secured a contract for the modification of the FPSO vessel OSX-1, worth approximately $50 million.

Dr Lee Boon Yang (fourth from left), Chairman of Keppel Corporation, showing Minister Gan Kim Yong the safety innovation, 'Universal Mobile Stool', which won an industry award for significantly improving the ergonomics of the workplace.


Keppel FELS
Keppel FELS

GLOBAL 1200 comes with a state-of-the-art pipelay system and has the capability of operating in waters as deep as 3,000 m.

projects, one turret fabrication, one livestock carrier conversion and one derrick lay barge newbuilding project. At the year's closing, work-in-progress included seven FPSO projects and five other major projects involving drillship outfitting, turret fabrication and livestock carrier conversion.

Keppel Shipyard was awarded several contracts in 2010. These included an FPSO conversion for Bumi Armada; the conversion of two Very Large Crude Carriers (VLCC) into FPSO facilities and the modification and upgrading of an FPSO for Single Buoy Moorings Inc (SBM); the modification of FPSO OSX-1 for OSX Brasil S/A and the conversion of a livestock carrier for Reestborg Compania Naviera S.A.

Keppel Shipyard continues in the forefront of business and operational excellence, winning the Shipyard of the Year Award at the 12th Lloyd's List Maritime Asia Awards for the sixth consecutive year, as well as safety and early completion bonuses from owners for various repair and conversion projects.

In the Philippines, 2010 was a challenging year for Keppel Philippines Marine, Inc (KPMI), with its shipyards facing the prospect of a sluggish shiprepair and offshore fabrication market. Its two operating shipyards, Keppel Batangas Shipyard and Subic Shipyard, however, managed to ride the downturn by capturing opportunities in marine conversion and modification projects while stepping up efforts to seek more work in the shiprepair market.

Fortunately, the domestic shiprepair market in the Philippines improved gradually as the year progressed, with KPMI repairing a total of 169 domestic and foreign vessels. The high demand for coal from Indonesia also led to a number of conversion projects being secured by Subic Shipyard.

Keppel Batangas Shipyard repaired a total of 110 vessels in 2010, comprising 80 domestic and 30 foreign vessels. In light of a slowdown in the volume of work for rig fabrication, the shipyard shifted its efforts to other types of fabrication such as the construction of coal barge Ratu Giok, expected to be completed in early 2011. For the coming year, Keppel Batangas will continue to step up its marketing efforts to foreign clientele, not just for repair but also for other types of high value fabrication works in order to diversify its source of revenue.

Subic Shipyard saw the servicing of 57 foreign and two domestic vessels in 2010. The yard will continue to differentiate itself by focusing on the marine conversion and modification work niche market for 2011.

2011 presents positive prospects for the Philippine shipyards, which have been upgrading their facilities and equipment so as to increase their market share. KPMI's acquisition of a majority stake in Subic Shipyard will enable it to better integrate the operations and marketing of its two yards.

Arab Heavy Industries PJSC, our joint venture yard in Ajman, UAE, repaired 212 ships during the year, 20% fewer than in 2009. It also carried out two major conversion jobs.

Our joint venture yard at the Port of Ras Laffan in Qatar, Nakilat–Keppel Offshore & Marine Ltd (N-KOM), was inaugurated by the Emir of Qatar on 23 November 2010. On the same day, N-KOM also signed service agreements with eight major fleet owners. Work on the construction of a load-out barge, involving 7,000 tonnes of steel, for the new yard is currently in progress.

Specialised Shipbuilding

Keppel Singmarine delivered 11 vessels in 2010, including three multi-purpose platform supply and support vessels (MPSVs), a derrick pipelay vessel, an anchor handling tug supply vessel, five harbour tugs and an anchor handling tug.

The MPSVs were delivered at planned intervals within the year, safely and on budget, winning the yard safety bonuses, while the first of the two pipelay vessels built for Global Industries was delivered on time and with an unblemished safety record.

Significant Events

September

→ Keppel Singmarine delivered the fourth MPSV to Greatship.

→ Naming ceremony was held by Keppel Singmarine for a derrick pipelay vessel, GLOBAL 1200, the first of two new generation derrick pipelay vessels to Global Industries.

→ Keppel O&M appointed Mr Lim Chin Leong to its Board.

October

→ Keppel O&M delivered FPSO P-57 to SBM Offshore for Petrobras. The naming of P-57, Brazil's largest converted FPSO in terms of production capacity, was witnessed by President H.E. Luiz Inácio Lula da Silva.

→ Keppel FELS delivered the first of three North Sea-compliant, dual-capability high-specification jack-up, Rowan Viking, to Rowan as well as the second semisubmersible accommodation rig, Floatel Reliance, to Floatel 63 days early and without any lost-time incidents, meriting a bonus of US$1.1 million.

(From right) Mr Choo Chiau Beng, CEO of Keppel Corporation, Brazilian President H.E. Luiz Inácio Lula da Silva, Mr Tong Chong Heong, CEO of Keppel Offshore & Marine, and Mr Sérgio Cabral, Governor of Rio de Janeiro, celebrating the successful completion of FPSO P-57 at the BrasFELS yard.

Significant Events

November

→ Nakilat–Keppel O&M (N-KOM), Qatar's premier offshore and marine facility jointly developed by Keppel O&M and Qatar Gas Transport Company Ltd, was inaugurated by the Emir of Qatar, His Highness Sheikh Hamad bin Khalifa Al Thani, and Singapore's Minister for Trade and Industry, Mr Lim Hng Kiang.

→ Keppel FELS secured an order for a KFELS B Class jackup rig worth US$180 million from Standard Drilling with options to build another two similar jackups, which if exercised, will bring the total contract value to US$550 million.

December

→ Keppel FELS signed a contract to build two KFELS B Class jackup rigs worth US$360 million with Asia Offshore Drilling Limited (AOD). AOD has been given options to build another two similar jackups which if exercised will bring the total contract value to above US$720 million.

→ Jasper Investments Limited awarded Keppel FELS a contract for a KFELS B Class jackup rig worth about US$180 million, with an option for another similar unit.

→ Keppel Shipyard and Keppel Singmarine clinched contracts totalling $240 million to upgrade an FPSO, convert a livestock carrier and build a diving support vessel.

→ Keppel O&M announced a slew of new management appointments with effect from 1 January 2011.

Singapore's Minister for Trade and Industry, Mr Lim Hng Kiang and The Emir of Qatar, His Highness Sheikh Hamad bin Khalifa Al Thani inaugurating the shipyard together with Dr Lee Boon Yang, Chairman of Keppel Corporation and Mr Choo Chiau Beng, CEO of Keppel Corporation.

At the end of 2010, Keppel Singmarine's orderbook consisted of a derrick pipelay vessel, a rock dumping vessel, two tug boats, a coal trans-shipment barge and a diving support vessel.

In China, Keppel Nantong Shipyard delivered six vessels in 2010. At year-end, its orderbook consisted of six tugs, a floating crane barge, two mooring boats and a floating dock.

Keppel Singmarine Brasil, the newly acquired yard in Santa Catarina, Brazil, will focus on the construction of offshore support vessels (OSV). At full capacity, it is able to complete an average of eight vessels a year. The yard is currently undergoing a modernisation programme.

A joint venture between Keppel O&M, State Oil Company of Azerbaijan Republic (SOCAR) and Azerbaijan Investment Company, the new Baku Shipyard LLC in Azerbaijan will be developed over two to three years into a shipbuilding and shiprepair facility. Physical yard development work is planned to commence in mid-2011.

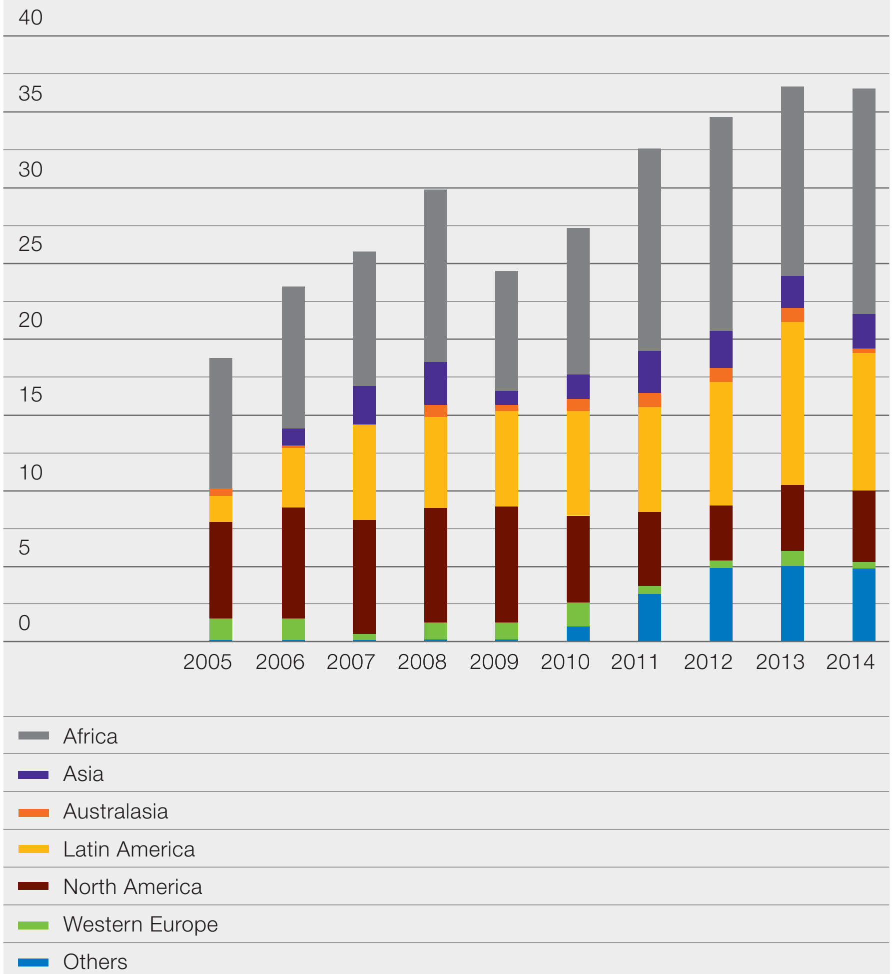
INDUSTRY OUTLOOK

With the positive market sentiment and a strong revival in upstream capital spending at the close of 2010, confidence has returned to many regions and sectors of the upstream industry. Wood Mackenzie estimates that global upstream capital spending in 2010 touched US$380 billion, US$19 billion higher than in 2009. The Barclays Capital Survey forecasts that global exploration and production (E&P) spending will rise 11% in 2011. This revival is set to continue over the next three years and improved credit and financing conditions could fuel the upside further.

Underlying the near-term increase in expenditure is the increasingly bullish short-term outlook for the world economy. Many countries are returning to the economic growth paths that were anticipated before the global recession. Over the past 12 months, the International Monetary Fund (IMF) has revised upwards its forecast several times for 2010 and is now projecting that the global economy will grow by 4.4% in 2011.

The fundamentals of the industry remain sound over the long term. Energy demand and oil prices are expected to remain robust, with demand driven by population and economic growth, particularly from non-OECD countries. The International Energy Agency (IEA) anticipates global energy demand to increase by 36% between 2008 and 2035, with oil remaining the leading fuel in the energy mix, and natural gas demand experiencing the fastest growth among the three fossil fuels. The projected increase in demand, with only a modest increase in oil production, augurs well for the oil service and drilling industry.

Deepwater CAPEX
Expenditure (US$ billion)



Source: Douglas-Westwood

Offshore Deepwater Prospects

The drilling moratorium imposed in the GoM had brought exploration and development work in one of the world's largest deepwater markets to a standstill. The ban on deepwater drilling was lifted in the months leading to the close of 2010 and drilling companies had greater clarity of the stricter regulations arising from the incident. With better placed expectations of compliance requirements and resumption of activity and cash flow, drilling companies have begun to push their projects forward and plan for future increases in their deepwater drilling programmes and rig fleets.

Oil service companies are increasingly shifting their E&P spending and activities towards deepwater projects which offer greater potential returns. Deepwater expenditure is projected by Douglas-Westwood to expand at a compound annual growth rate (CAGR) of 8%, reaching around US$35 billion in 2014, with total global capital expenditure of US$167 billion estimated for the 2010–2014 period.

Long-term prospects for the deepwater segment remain sound. Petrobras' massive newbuilding programme for Brazil's pre-salt reserves will be a key driver for the offshore deepwater market in the medium term. Long-term prospects will also be backed by the emergence of more ultra-deepwater drilling programmes in the latest offshore oil and gas frontiers such as GoM's Lower Tertiary trend and the offshore natural gas reserves and LNG-centric developments off the coast of northwest Western Australia, discoveries in regions like West Africa, the Mediterranean and Southeast Asia as well as the potential from unconventional shale gas plays.

Drilling Rigs, Production Units and Specialised Ships

The jackup segment is seeing the initial recovery stage of a rig-building cycle driven by replacement demand. The Macondo incident has spurred oil companies to demand newer and higher-specification rigs, as seen in the increasing bifurcation in the utilisation rates and dayrates of premium and commodity jackups.

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ODS-Petrodata estimates that high-specification jackups, which form only 6% of the global fleet, enjoy close to 100% utilisation, with dayrates typically more than US$120,000. In contrast, lower-specification rigs enjoy 70% utilisation and dayrates ranging from US$30,000 to US$90,000, while rigs built in the mid-1980s to the late 1990s are being cold-stacked as they fail to secure charters. Drilling contractors are therefore ordering more high-specification jackups. Oil companies are also increasing their jackup count in regions of higher demand such as the Middle East, West Africa, the Mediterranean and Southeast Asia. With most of the existing fleet considered as low-specification, jackup replacement demand is forecast to be sustained throughout the decade.

The deepwater market should also see increasing demand for upgrades and replacements. With the enhanced US safety requirements, drilling contractors will be looking to yards with established quality and safety standards.

Production vessels are poised to form the next phase of orders after rig replacement. Pareto Securities predicts that demand for Floating Production Systems (FPS) will continue to accelerate over the next five years as exploration yields more deepwater fields. Douglas-Westwood forecasts that more than 100 FPSs will be installed worldwide over the 2010–2014 period, representing a total value of approximately US$45 billion.

The FPSO market is expected to remain strong as FPSOs continue to be the preferred solution for production in deepwater fields. FPSOs account for close to 80% of the total forecast FPS capital expenditure, followed by TLPs, semis and spars. Strength in the sector will be driven by Latin America, which will form almost a third of global FPS forecasted capital expenditure due to developments in offshore Brazil and its pre-salt regions. Brazil will dominate the market for FPS installations with Petrobras looking to double its fleet to 84 by 2020.

The OSV market will also see growing order activity, especially in higher-end vessels, on the back of higher oil prices, attractive charter rates and cabotage rules in regions of high demand. Changing requirements, operational environments and regulatory frameworks are driving demand for OSV innovations to improve operational efficiency and safety.

New Growth Area

A key area of development in the renewable energy sector, the offshore wind industry offers a promising new market for solutions and designs for offshore wind farms. The European Wind Energy Association is forecasting that 400 GW of wind power will be operating in the European Union in 2030, including 150 GW (37.5%) of offshore wind power. Keppel O&M is building up its capabilities and track record to meet this growing demand.

2

3

1_Tailoring the FPSO to meet the requirements of the Peregrino field, Keppel Shipyard completed the conversion of Maersk Peregrino for long time customer Maersk FPSOs.

2_Keppel-built rigs, Development Driller III (foreground) and Q4000 (red hull) successfully intercepted the Macondo well in the Gulf of Mexico oil spill.

3_Drillships like Bully I are able to operate in water depths of up to 12,000 ft with a drilling depth of 40,000 ft.

The Senoko Waste-to-Energy Plant was one of the three assets injected into K-Green Trust, which aims to invest globally in "green" infrastructure assets.

We are seeking expansion opportunities in our environmental engineering, power generation, logistics and data centres businesses.

EARNINGS REVIEW

Infrastructure Division's revenue increased by $83 million to $2,510 million, due largely to higher revenue from Keppel Energy as a result of higher electricity retail prices and higher gas sales. Profit before tax decreased by $57 million in 2010 owing to losses from the Engineering, Procurement and Construction (EPC) contracts in Qatar. With a net profit of $57 million, the Division accounts for 4% of the Group's earnings.

ENVIRONMENTAL ENGINEERING

Market Review

The demand for efficient solutions to treat solid waste and wastewater continue to grow across key markets. A Pike Research report suggests that the potential for Waste-to-Energy (WTE) capacity build-up is increasing hand-in-hand with waste growth and landfill diversion. In 2010, the world is estimated to have generated around 1.7 billion tonnes of municipal solid waste, of which 1 billion tonnes were directed to landfills and just 0.2 billion tonnes sent to thermal WTE plants. This trend is bound to change with increased attention from nations concerned with climatic changes and its dire consequences.

According to estimates, the global market for thermal and biological WTE technologies will reach $3.7 billion in 2010 and grow to $13.6 billion in 2016. The Asia-Pacific is forecasted to contribute the largest portion of the growth, which is set to take off in 2012.

Developments in the UK Government's waste management policy, driven by the EU Landfill Directive with ambitious targets for landfill diversion by 2020, create further opportunities for Keppel Seghers in the UK. The EU Landfill Directive targets to reduce the amount of biodegradable waste sent to landfills in 2020 to about a third of that in 1995. Steeply increasing landfill tax has been implemented to incentivise the diversion of waste from landfill to more advanced and sustainable waste management solutions, such as Energy-from-Waste (EfW) technology. With these pressing environmental and legislative targets, EfW technology is emerging as the UK's preferred solution for waste treatment and energy generation.

Profit before Tax

$93m

Decreased 38% from FY 2009's $150 million.

Net Profit

$57m

Decreased 55% from FY 2009's $126 million.

Major Developments in 2010

- → KIE officially opened Keppel Seghers Tuas WTE Plant.
- → K-Green Trust was listed on Singapore Exchange.
- → KIE broke ground for Greater Manchester Project, and secured contract for Project's second phase.
- → Keppel DHCS in JV to offer district heating and cooling in Tianjin Eco-City.
- → Keppel T&T established world's first Shariah-compliant data centre fund.
- → Keppel Energy commenced capacity expansion on Keppel Merlimau Cogen plant.

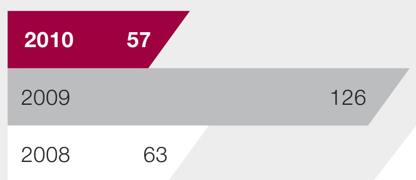
Focus for 2011/2012

- → KIE to further strengthen presence in key markets and business segments.
- → The Domestic Solid Waste Management Centre in Qatar to be fully operational.
- → KIE to ensure timely completion of on-going EPC projects in Qatar and UK.
- → Keppel T&T to continue to expand its logistics footprint in Asia.
- → Keppel T&T to grow data centre business via capacity expansion and acquisition of high-quality assets.
- → Keppel Energy to pursue selective opportunities in Singapore and beyond.

Earnings Highlights

	2010 $ million	2009 $ million	2008 $ million
Revenue	**2,510**	2,427	2,232
EBITDA	**120**	161	82
Operating Profit	**75**	127	50
Profit before tax	**93**	150	70
Net Profit	**57**	126	63
Manpower (number)	**4,366**	4,574	5,064
Manpower cost	**236**	213	219

Net Profit
($ million)



Environmental Engineering

Keppel Integrated Engineering aims to be a global leader in environmental solutions for water/wastewater and solid waste treatment.

Opposite_Construction at Keppel Seghers' energy-from-waste facility in Runcorn, Greater Manchester in the UK, has been progressing well with the construction of the chimney's windshield completed in 17 days.

The R1 energy recovery formula is another key development in the WTE industry across Europe, which may gain popularity in Asia. Using this formula, incineration facilities processing municipal solid waste are given 'energy recovery-R1 status' if their energy efficiency meets certain technical requirements.

In an assessment of the energy efficiency of 231 WTE plants in 16 European countries, the Confederation of European WTE Plants has classified 169 plants as 'energy recovery-R1 status'.

Under the Waste Framework Directive, efficient WTE plants can be categorised as energy recovery operations rather than for waste disposal. This may result in greater acceptance of WTE plants in Europe.

Elsewhere in Asia, WTE solutions is gaining acceptance despite the absence of landfill bans and levies in many Asian countries currently. While focusing on our key areas, Keppel Seghers will continue to monitor these markets for suitable business opportunities.

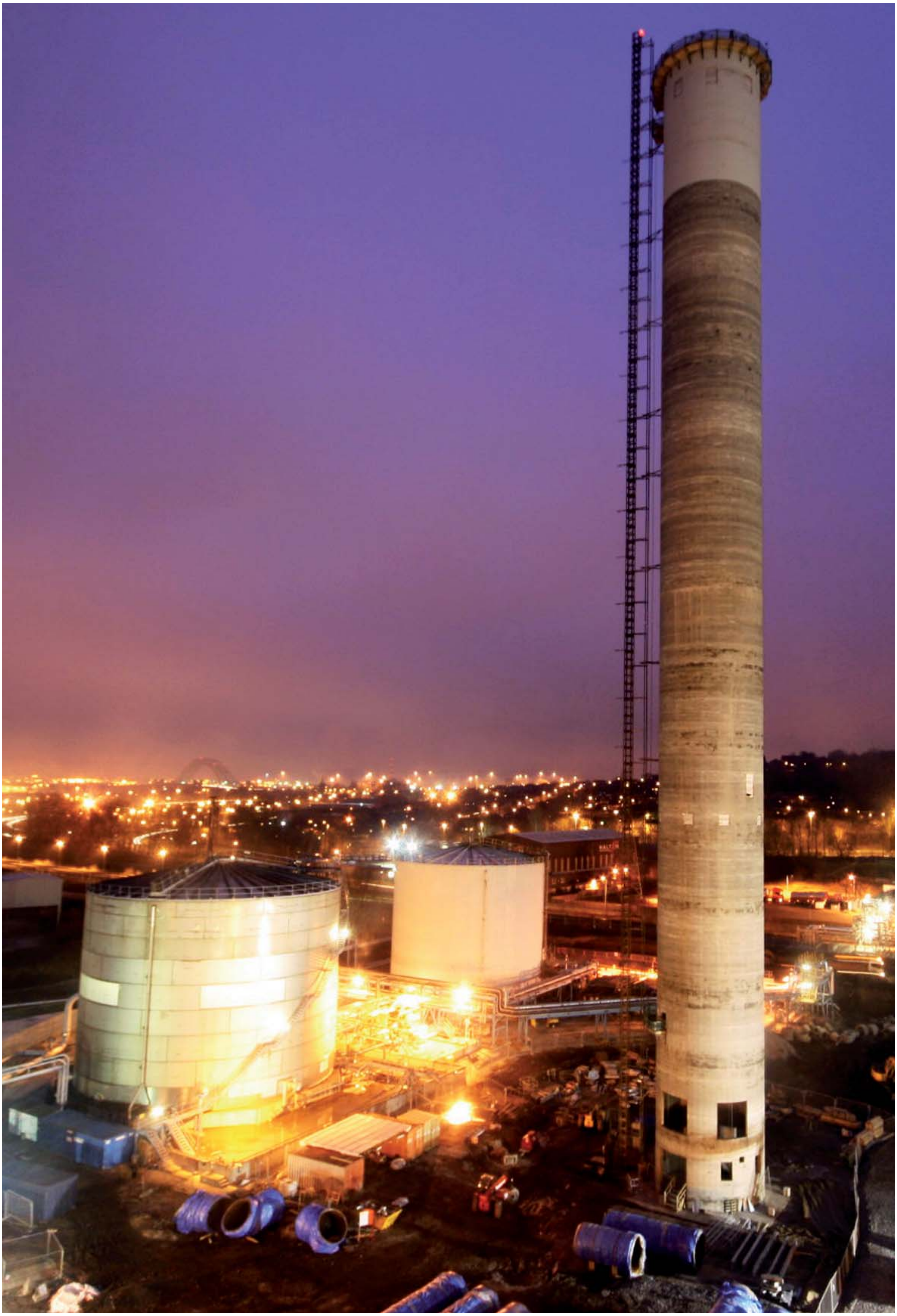
In China, where rapid urbanisation has brought increased pollution, the demand for WTE facilities continues to increase. There are currently about 80 WTE facilities in operation, and a further 10 to 15 are under construction. Industry experts predict that in the next five years, hundreds more new plants are likely to be built. Additionally, more stringent emission limits are expected to be enforced in China, making it an attractive market for efficient WTE facilities.

In the Middle East, drivers for the demand for WTE solutions include population growth, urbanisation and economic expansion. Saudi Arabia, UAE, and Kuwait rank among the world's top 10 in terms of per capita waste generation.

On water treatment, Global Water Intelligence suggests that scarcity and urbanisation are two global megatrends changing the status of water in society today. Scarcity is the main driver of growth in solutions for drinking water while urbanisation is the key driver of growth for wastewater solutions. Industry experts predict that the fastest growth regions will be in Asia and the Middle East.

China has been listed by the UN as one of 13 countries experiencing serious water scarcity, and the water market

Project	Capacity	Tenure
Ulu Pandan NEWater Plant	148,000 m³/day	2007–2027
Senoko Waste-to-Energy Plant	2,100 tonnes of solid waste a day	2009–2024
Keppel Seghers Tuas Waste-to-Energy Plant	800 tonnes of solid waste a day to generate more than 20 MW of green energy	2009–2034
Qatar Domestic Solid Waste Management Centre	2,300 tonnes of mixed solid waste and a 1,500 tonnes a day waste-to-energy incineration plant	2009–2029
Doha North Sewage Treatment Works	439,000 m³/day	2010–2020
Greater Manchester Energy-from-Waste Combined Heat and Power Plant (Runcorn I and II)	750,000 tonnes of waste per year, generating 70MW of electricity and 51MW of heat per year	Under Construction
Amotfors Energi Combined Heat and Power Waste-to-Energy Plant	70,000 tonnes of solid waste per year	–
Technology packages to Waste-to-Energy plants in Shenzhen and Tianjin	3,000 tonnes and 1,000 tonnes of solid waste per day respectively	–



Significant Events

January
→ Keppel Seghers secured two contracts to supply waste-to-energy (WTE) solutions in China totalling US$53 million.

February
→ Keppel Seghers secured a €6.5 million contract to provide technology and services to a WTE plant in Tianjin, China.

May
→ Keppel T&T tripled its logistics footprint in Vietnam through three new distribution centres and a JV with Tanimex Group to provide exclusive logistics park management.

→ Keppel DHCS signed a JV agreement with Tianjin Eco-City Energy Investment and Construction Co Ltd to provide district heating and cooling systems in the Eco-City.

June
→ Initial closing of Keppel T&T's Securus Data Property Fund Pte Ltd, a Shariah-compliant data centre fund.

→ KIE officially opened Singapore's first WTE plant to be built under the National Environment Agency's Public-Private Partnership initiative.

→ K-Green Trust was listed on the Main Board of the Singapore Exchange.

October
→ Keppel Seghers secured an EPC contract worth about $341 million for the second phase of an Energy-from-Waste project in the UK.

→ Keppel Energy commenced the 800MW expansion of its natural gas-fired Keppel Merlimau Cogen (KMC) plant.

December
→ BG (NS) Tay Lim Heng was appointed as KIE's CEO with effect from 1 January 2011.

In January 2011, construction of the Qatar Domestic Solid Waste Centre project was completed and the incineration plant started burning solid waste.

there is set to be one of the fastest growing in the Asia-Pacific. According to China's Ministry of Housing and Urban-Rural Development, US$146 billion is needed to fulfill the central government's goal of equipping at least 90% of counties or above with wastewater treatment facilities and essential pipe works by 2012. To relieve the future demands on China's water resources, massive investments will be needed to develop new water resources whether through reclamation, desalination or other advanced technologies.

It is estimated that the Middle East and North Africa region will have more than US$20 billion worth of wastewater projects in the pipeline, and the trend is for governments to seek Public-Private Partnership (PPP) models for such projects. Currently, the most active markets are Saudi Arabia and North Africa. UAE and Kuwait are also potential markets.

Operating Review
In Singapore, KIE officially opened the Keppel Seghers Tuas (KST) WTE Plant, Singapore's newest WTE plant and the first to be built under the National Environment Agency (NEA)'s PPP initiative. The KST WTE Plant is the first incineration plant in Singapore to showcase WTE technology from a local company, and also one of the most compact WTE plants in the world. KIE will operate and maintain the plant for 25 years.

KIE is the sponsor of K-Green Trust (KGT), which was listed in Singapore in June 2010. KGT aims to invest in "green" infrastructure assets in Singapore and globally, with a focus on Asia, Europe and the Middle East, to provide long-term, regular and predictable distributions to unitholders. KGT has achieved better than forecasted performance for its first year since listing.

KIE is providing waste-to-energy technology and services to repeat customer Tianjin TEDA Environment Protection Co. Ltd in Guanzhuang, Tianjin.

In Europe, KIE's wholly-owned subsidiary, Keppel Seghers, secured an EPC contract worth $341 million for the second phase of an EfW project in the Greater Manchester region in the UK. The second phase of this EfW project will be integrated with the project's first phase which is also executed by Keppel Seghers. Scheduled to be completed by 2015, the project's second phase will use Keppel Seghers' proprietary technology. The design and construction for both phases are progressing well and on target to achieve their milestones.

In November 2010, Keppel Seghers do Brasil and Keppel Seghers Latinoamérica signed an agreement to provide design, engineering, as well as assistance for the construction and start up of the Wastewater Treatment Plant for the City of Porto Alegre, located in South Brazil. The plant will have a capacity of 233,280 m^3/day and Keppel Seghers will use its proprietary technology UNITANK with nutrient reduction, based on activated sludge. The plant is scheduled to start operations in September 2012.

In China, Keppel Seghers secured a $12.5 million contract to provide technology and services to a WTE plant in Guanzhuang, Tianjin, as well as a contract for the expansion of an existing WTE plant in Shenzhen, Guangdong. When completed in 2011, the Shenzhen Baoan WTE site will be the largest in China with an eventual capacity to treat 4,200 tonnes of municipal waste per day.

In May 2010, Keppel DHCS, another KIE subsidiary, established a joint venture with Tianjin Eco-City Energy Investment and Construction Co., Ltd (TECEIC) to provide district heating and cooling systems (DHCS) in the Sino-Singapore Tianjin Eco-City (Tianjin Eco-City). 80% held by Keppel DHCS, the Tianjin Eco-City Keppel New Energy Development Co., Ltd. (TEC-Keppel) joint venture has a total investment amount of RMB300 million, and will focus on the investment, development, design, construction, operation, maintenance and consultancy for DHCS, Tri-generation and other utility services in the Tianjin Eco-City.

As the Keppel Group possesses a strong track record and core competencies in areas such as environmental engineering solutions, property and township development,

Power Generation

Keppel Energy aims to be a power company with innovative fuel solutions in Singapore and beyond.

Logistics and Data Centres

Keppel Telecommunications & Transportation aims to provide good quality integrated logistics solutions and data centre services.

and logistics and data centres, a Sustainable Development (SD) unit was formed in June 2010 to coordinate the Group's efforts to provide sustainable urban living solutions in countries like China, Vietnam and Indonesia.

Business Outlook
With global megatrends such as rapid urbanisation and climate change, there is a growing need for governments to look into sustainable environmental solutions. KIE, through its various subsidiaries, will continue building its environmental engineering capability in providing environmental solutions to both municipal and industrial clients.

Keppel Seghers will continue to strengthen its technology leadership through research and development and leverage its extensive engineering expertise and global network to deliver value to stakeholders. It will also continue to focus on the development of turnkey contracts, sell technology packages and provide total environmental solutions based on the Design, Build, Own, Operate (DBOO) model, Build, Own, Operate, and Transfer model, or Build, Operate and Transfer (BOT) model and PPP.

POWER GENERATION

Market Review
Singapore's electricity demand recovered strongly in 2010 in tandem with the global economy recovery. For the full year of 2010, the average electricity demand recorded a growth of 8.8% as compared to the previous year.

Operating Review
2010 has been a fulfilling and rewarding year for Keppel Energy. Keppel Energy continues to deliver promising results from its integrated power and gas businesses in Singapore.

The Keppel Merlimau Cogen power plant carried out its first major maintenance in 2010 and has further improved on its reliability and availability.

Keppel Gas secured additional industrial gas customers in 2010 and started its gas supply to them. The company also entered into a Gas Sale Agreement with BG Singapore Gas Marketing to purchase Liquefied Natural Gas (LNG) for delivery starting 2013.

A major milestone was achieved in 2010 with the commencement of the capacity expansion of the Keppel Merlimau Cogen power plant. The additional 800MW of natural gas-fired plants on Jurong Island, expected to be completed by 2013, will boost the existing generation capacity to 1,300MW from the current capacity of 500MW.

Keppel Energy continued to sustain its good safety record in 2010, with no reportable safety incidents or lost-time incidents at its Singapore operations. Initiatives are being taken to further strengthen the company's safety management system with the commencement of the design and construction activities for the capacity expansion of Keppel Merlimau Cogen power plant.

Business Outlook
Our power and gas businesses in Singapore are expected to continue to deliver sustainable earnings in 2011.

With the Singapore economy expected to record modest but good growth in 2011, Keppel Energy is well-positioned to benefit from the corresponding growth in electricity demand.

Additionally, the strategic planting of the additional 800MW at Keppel Merlimau Cogen power plant using the most advanced and efficient commercially available technology will enable Keppel Energy to remain highly competitive in the market. We expect our market share to grow in the

Singapore power market, and we will continue to enhance our integrated platform in the gas and utilities businesses beyond 2011.

With a solid power and gas platform, Keppel Energy is ready to pursue selective opportunities in Singapore and beyond.

LOGISTICS

Market Review

In Singapore, the influx of new warehousing space in early 2010 resulted in lower warehouse occupancy across the market. This situation gradually abated during the year as continued economic growth brought about higher warehousing demand.

In China, the sustained economic growth with higher exports translated into increased cargo volumes.

Operating Review

The warehouses of Keppel Logistics and its subsidiary, Transware Distribution Services, in Singapore continued to operate at near full occupancy. Several long-term contracts were renewed with existing customers such as Brother, M1, Nestle and Trane. In addition, Keppel Logistics won contracts in new market segments, to extend its service offerings into spare parts logistics and biomedical logistics.

Redevelopment of the warehouse facility at 44 Benoi Road in Singapore has commenced, and will double the facility's capacity to 20,000 sqm when completed in end 2011.

Operations in Malaysia grew with the establishment of a new distribution and trucking department. Keppel Logistics also expanded its footprint in Vietnam with the opening and development of four new distribution centres, which tripled warehousing capacity.

In China, despite stiffer competition, Keppel Logistics Foshan (KLF) continued to do well. Supported by China's strong economic growth, Lanshi port in Foshan set another new record high in container throughput, with an 18% increase from 2009. The new Nanhai Distribution Centre will be operational in early 2011, adding 35,000 sqm of warehousing space in the Pearl River Delta. KLF was recognised as one the Top 1000 key enterprises in Guangdong Province, which granted the company priority by the local government in processing of all business applications up to 2012.

Business Outlook

The growing intra-Asia trade, which is aided by strengthening domestic consumption in Asia, coupled with an increasing trend of logistics outsourcing, will drive strong demand for third party logistics in Asia. Keppel Telecommunications & Transportation (Keppel T&T), the parent company of Keppel Logistics, will explore opportunities to leverage these trends to scale up and expand its logistics footprint in existing markets, and grow its customer base in new logistics verticals.

DATA CENTRES

Market Review

The data centre market has experienced strong demand and increasing utilisation globally. The growth in data centre supply still lagged behind the growth in demand.

The introduction of the New Generation National Broadband Network (NGNBN) will enhance the availability of faster and cheaper data in Singapore. This in turn will result in increased demand for data service providers and a greater need for data centre spaces.

Operating Review

Keppel Datahub, which was reconfigured by Keppel T&T from an existing industrial building into a Tier III+ data centre, began operations in January 2010. The facility achieved 100% occupancy within its first year of operations. An expansion to add capacity had commenced, and this phase had already seen significant customer commitment. Keppel Datahub had also secured provisional TIA 942 and SS 507 certifications, and expects to be formally awarded these certifications in 2011.

Citadel 100 Datacenters Limited (Citadel 100), the 50%-owned associate based in Dublin, Ireland, continues to enjoy 100% occupancy.

Securus Data Property Fund, the world's first Shariah-compliant data centre fund, was established in June 2010. The initial closing of the Fund achieved US$100 million, and the Fund targets to acquire a portfolio of high quality data centre assets in the Asia-Pacific, Europe and Middle East. Keppel T&T (through its wholly owned subsidiary Keppel Data Centre Investment Management Pte Ltd) and AEP Capital Pte Ltd are joint investment managers of the Fund.

Business Outlook

The data centre market will continue to stay buoyant in 2011 as demand for data centre space continues to grow at a faster rate than its supply. Against this favourable landscape, and coupled with its expertise as a premium data centre co-location service provider in Asia and Europe, Keppel T&T aims to expand the capacity at its existing facilities whilst continuing to explore opportunities to grow its data centre footprint.

Profit before Tax

$625m

Increased 31% from FY 2009's $476 million.

Net Profit

$326m

Increased 55% from FY 2009's $210 million.

Major Developments in 2010

→ Sold over 5,250 homes across Asia, mainly in China.

→ Set up Keppel Land China to sharpen focus for expansion and growth.

→ Added more than 9,700 homes to a pipeline of 75,000 homes with acquisitions in China and Vietnam.

→ Keppel Land's asset swap with K-REIT Asia unlocked value.

→ One million sf pre-commitment at MBFC and OFC.

→ K-REIT Asia makes first foray overseas into Australia.

Focus for 2011/2012

→ Actively seek acquisitions in Singapore and overseas. with a continued focus on developing quality residential, township, commercial and mixed-use projects.

→ Monitor markets and time launches for new projects and phases.

→ Recycle capital to take on new large-scale projects.

Keppel Land is committed to provide urban living solutions through the twin core businesses of property development and property fund management.

The unique architecture of Reflections at Keppel Bay is set to be a waterfront landmark in Singapore.

EARNINGS REVIEW

Revenue of $1,685 million was $177 million or 12% above the previous year, due mainly to the sale of homes at Keppel Bay and progressive revenue recognition from Reflections at Keppel Bay. Rental income from investment properties improved because of the acquisitions of investment buildings in Australia in 2010 and the additional floors of Prudential Tower in Singapore in November 2009. Pre-tax profit of $625 million was an increase of 31% over 2009. This was due to higher contribution from several residential projects in Singapore, China and Vietnam, and share of profit of the associated company developing Marina Bay Suites in Singapore. With net profit at $326 million, the Division contributed 23% to Group's overall earnings.

MARKET REVIEW

Concerted measures by various governments averted a global financial disaster and restored overall confidence. Asian countries were generally less affected and managed to post positive economic growth for the year. Improved economic conditions have revived the property markets in key Asian cities.

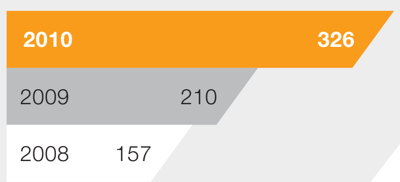
The Singapore economy expanded at a record growth rate of 14.5% in 2010. The strong economy shored up market confidence. New home sales totalled a record of about 16,300 units in 2010, compared to 2009's take-up of 14,688 units. Residential home prices rose 17.6% in 2010, compared with 1.8% in 2009. For 2011, prospective home buyers are expected to hold back their purchasing decision in the near term after the government introduced the fourth round of anti-speculation measures in January to cool the buoyant property market. While the sales volume may be moderated, home prices are likely to remain largely stable. Positive economic growth outlook in Singapore and the rest of Asia, the relatively low-interest rate environment and ample liquidity are expected to support the housing market.

As business confidence improved on the back of the strong economic rebound, the pent-up demand for prime office space saw heightened leasing

Earnings Highlights

	2010 $ million	2009 $ million	2008 $ million
Revenue	**1,685**	1,508	950
EBITDA	**563**	385	337
Operating Profit	**553**	371	326
Profit before tax	**625**	476	365
Net Profit	**326**	210	157
Manpower (number)	**3,015**	2,791	2,955
Manpower cost	**91**	100	89

Net Profit
($ million)



Significant Events

January

→ Keppel Land acquired its third township site, a waterfront site in the popular District 2 of Ho Chi Minh City (HCMC), Vietnam.

→ Keppel Land signed a joint venture agreement to develop an 11-ha waterfront residential site for 175 villas fronting the Saigon River in HCMC.

→ Mrs Koh-Lim Wen Gin, formerly Urban Redevelopment Authority of Singapore's Chief Planner and Deputy CEO, was appointed to Keppel Land's Board of Directors.

→ K-REIT Asia made its maiden commercial investment outside Singapore with the acquisition of a 50% stake in 275 George Street, a prime commercial building in Brisbane, Australia.

March

→ The iconic Reflections at Keppel Bay topped-out its first tower.

April

→ Topping-out of Marina Bay Financial Centre (MBFC)'s second commercial tower.

The township at South Rach Chiec, Vietnam offers high-rise apartments along a riverfront.

activity. Prime office rents increased 12.2% quarter-on-quarter averaging $8.30 psf per month as at end-2010. Grade A office rental averaged $9.90 psf per month, reflecting an increase of 10% quarter-on-quarter or 22.2% year-on-year. Grade A office occupancy rate was 97.3% in 4Q10, up from 93.8% in 4Q09, as corporate occupiers engaged increasingly in flight-to-quality.

The office market is closely co-related to GDP growth. With Singapore's economy projected to expand at a healthy rate of 4–6% in 2011, leasing activity is expected to remain buoyant this year. Given the positive business sentiment, demand for office space is poised to rise along with corporate expansion with the accompanying headcount growth.

Asia's other economies are also expected to continue growing in 2011, fuelled by domestic demand with rising affluence and supportive government policies.

China's property market continued on its upward momentum in 2010. Despite the government's progressive measures to cool demand, real estate prices rose for a 19th straight month in December 2010 while home prices across 70 major Chinese cities rose 6.4% year-on-year. Moving into 2011, two fundamental factors – the growing middle class and urbanisation – will continue to underpin housing demand in China.

Vietnam showed signs of recovery in 2010, registering a healthy expansion rate of 6.8% in 2010. GDP growth is projected at 6.9% in 2011. Demand for villas has been strong over the past few years, and is expected to continue.

Indonesia's economy grew at 6.1% in 2010. Low interest rates, coupled with a growing and increasingly affluent middle-class segment, helped to lift the property market during the year.

Keppel Land's prime Grade A office buildings like the Marina Bay Financial Centre and the Ocean Financial Centre are in two of the most desired business addresses in Singapore.

India is projected to have grown at 9.1% in FY 2010 [Note: India's fiscal year ends on 31 March 2011]. Residential prices are recovering in various cities. Home ownership aspirations are well supported by low mortgage and high savings rates. Coupled with a shortage of housing especially in the urban areas, this is expected to continue to drive demand in India. The Indian economy is expected to continue expanding at a rate of 9% in 2011.

OPERATING REVIEW

Singapore

With buying sentiment buoyed by the strong economic recovery, Keppel Land sold about 650 homes in Singapore in 2010, mainly from Reflections at Keppel Bay and The Lakefront Residences.

The commercial segment has strengthened with the improved business outlook. Strong pre-commitment totalling about 1 million sf of Grade A office space was secured at Marina Bay Financial Centre (MBFC) and Ocean Financial Centre (OFC) in 2010, lifting the pre-commitment rate for MBFC Phase 2 and OFC to 66% and about 80% respectively. In addition to anchor tenant, DBS Bank, which had pre-committed approximately 55% in MBFC Phase 2's Tower 3, other tenants such as WongPartnership LLP, Ashurst LLP and McGraw-Hill have recently signed up as tenants. Australia and New Zealand Banking Group and BNP Paribas joined Drew & Napier LLC and DMG & Partners Securities Pte Ltd., long-time tenants from the former Ocean Building and Ocean Towers, to commit as tenants of OFC. During the year, Keppel Land also raised its stake in OFC to 87.51% after acquiring an additional 11.85% stake.

In the fourth quarter of 2010, Keppel Land sold its one-third interest in MBFC Phase 1 to K-REIT Asia for $1,426.8 million and acquired Keppel Towers and GE Tower from K-REIT Asia for $573 million. The transaction allowed for the potential redevelopment of the site into premium high-rise city homes and increased Keppel Land's Singapore residential pipeline by about 50%. The divestment yielded net cash proceeds of $826 million, strengthening Keppel Land's financial position for acquisition opportunities in Singapore and overseas.

Keppel Land is strengthening its presence in China with developments such as the Zhongshan waterfront residential cum marina development in Guangdong, China.

Overseas
Keppel Land achieved record sales of over 4,600 units overseas, mainly from its township projects in China, namely The Botanica in Chengdu and Central Park City in Wuxi. The Springdale in Shanghai and Seasons Park in the Sino-Singapore Tianjin Eco-City registered encouraging sales following their launches in the second half of 2010. Villa developments, The Arcadia in Tianjin and Villa Riveria in Shanghai, are now 100% sold.

With China as a significant growth market, a separate entity Keppel Land China was established to sharpen focus on expanding Keppel Land's presence in this fast-growing market. Keppel Land China further expanded its footprint in China with strategic land acquisitions in Chengdu and the purchase of its maiden residential site in Nantong in 2010.

Tapping on rising home ownership aspirations in Vietnam, Keppel Land acquired four sites during the year, which increased its residential pipeline to about 22,000 units. In Indonesia and India, sale of the Group's residential projects continued to make good progress as these economies continued on their path of growth.

Fund Management
Keppel Land's fund management vehicles extended their reach in the region through selective asset acquisitions. K-REIT Asia made its first overseas foray by acquiring two prime office developments in Sydney and Brisbane, Australia, in 2010. With the completion of the asset swap deal with Keppel Land, 90% of K-REIT Asia's portfolio in Singapore is now strategically located within the prime Raffles Place and Marina Bay financial and business districts. With an enlarged portfolio size of $3.5 billion as at end-2010, up from $2.1 billion in 2009, K-REIT Asia has gained increased visibility as one of the top five S-REITS in asset size.

Alpha Asia Macro Trends Fund, a closed-end fund managed by Keppel Land's private equity fund management arm Alpha Investment Partners (Alpha), has also capitalised on opportunities to invest in several commercial and residential property assets in Singapore, including a stake in Katong Mall and units in high-end residences at City Vista in the Newton area, The Cascadia in Bukit Timah and Draycott 8 near Scotts Road, as well as a Grade A office building in South Korea during the year.

As at end-December 2010, Keppel Land's total assets under management (when fully-invested and fully-leveraged) from K-REIT Asia and Alpha have grown to about $11.2 billion, a 14% rise from 2009.

BUSINESS OUTLOOK

Singapore

Singapore's economic growth is expected to slow down to 4–6% in 2011. Calibrated cooling measures introduced by the government to weed out speculative buying may moderate overall sales volume, but home prices should remain stable.

Keppel Land will be releasing a new phase of The Lakefront Residences, as well as the remaining units of Marina Bay Suites and Reflections at Keppel Bay, which will benefit from their proximity to the integrated resorts at Marina Bay and Sentosa.

In view of the positive sentiments in Singapore and the region, the office market is primed to remain firm with leasing activities driven mainly by new expansion among the financial and professional services sectors. Keppel Land aims to build on its position as the leading developer of Grade A office space in Singapore's Raffles Place and Marina Bay business and financial districts.

Overseas

Growth prospects in Asia are set to remain bright in 2011, backed by healthy economic and demographic fundamentals. Home ownership aspirations in markets where Keppel Land operates are expected to remain strong.

Significant Events

May

→ Keppel Land was awarded a prime 1.6-ha site next to the Lakeside MRT station for the development of The Lakefront Residences. Launched in November, the development attracted strong interest.

July

→ Topping-out of Ocean Financial Centre.

→ New lifestyle mall at Katong partly owned by Alpha attracted positive tenancy ahead of completion in 2011.

→ K-REIT Asia acquired 100% of the office tower at 77 King Street in Sydney, Australia.

August

→ Mrs Oon Kum Loon, an Independent Director of Keppel Corporation, was appointed as a Non-Independent and Non-Executive Director of Keppel Land.

September

→ Keppel Land to redevelop Barclays House complex in Jakarta's Central Business District.

→ K-REIT Asia appointed Mr Tan Chin Hwee, a Portfolio Manager of the Apollo Asia Opportunity Master Fund, as an Independent Non-Executive Director.

→ Keppel Land completed acquisition of an 86-ha site in Zhongshan, Guangdong Province.

→ Keppel Land strengthened its focus on China with the establishment of Keppel Land China.

The Lakefront Residences drew strong interest from homebuyers.

Significant Events

October

→ Alpha's Macro Trends Fund invested in Seoul Square, a prime Grade A office in Seoul, South Korea.

→ Keppel Land secured two prime sites in Chengdu, Sichuan Province, for residential development.

→ Keppel Land secured two prime sites in HCMC for villa developments.

November

→ More than 90% of the 220 eco-homes released were sold in the soft launch of Keppel's Seasons Park residential development in the Sino-Singapore Tianjin Eco-City.

December

→ Keppel Land and K-REIT Asia successfully completed the asset swap deal of Keppel Land's one-third interest in Phase 1 of MBFC and K-REIT Asia's Keppel Towers and GE Tower (KTGE). KTGE will be redeveloped into premium residences for city living.

→ Keppel Land China expanded its portfolio with maiden site acquisition in Nantong, Jiangsu province.

Mr Wong Kan Seng, Singapore's Deputy Prime Minister and then Minister for Home Affairs (second from left) and Tianjin Deputy Party Secretary He Lifeng (extreme right), accompanied by Dr Lee Boon Yang (extreme left), Chairman of Keppel Corporation were briefed by Mr Goh Toh Sim, Keppel Corporation's Chief Representative in China, on the masterplan of Keppel's development in the Tianjin Eco-City.

Keppel Land plans to launch more homes overseas in 2011. In China, Keppel Land will be releasing the remaining units at 8 Park Avenue in Shanghai and township homes at The Seasons in Shenyang. In Vietnam, Riviera Point and a waterfront township development at South Rach Chiec, both located in Ho Chi Minh City, will be launched.

Fund Management

With the improved market conditions, Keppel Land's fund management vehicles are well-positioned to expand their respective portfolios. K-REIT Asia will pursue acquisition opportunities to grow into a leading pan-Asian commercial REIT. Alpha will continue to establish and grow its existing businesses in Asia while actively scanning for opportunities to buy into fund management platforms in Europe and the US.

Keppel Land will keep a lookout for capital recycling opportunities in large-scale mixed development sites. With a strong cash position of $1.59 billion and low debt-equity ratio of 0.2x as at end-2010, Keppel Land will actively seek value-creating acquisition opportunities in Singapore and overseas, with a continued focus on developing quality residential, commercial and mixed-use projects.

Providing Solutions For Sustainable Future

2010 saw the Sino-Singapore Tianjin Eco-City progress on several fronts, with the launch of the first eco-homes and inking of agreements with several technology companies.

Sino-Singapore Tianjin Eco-City Investment and Development, Co., Ltd. (SSTEC) sustained its efforts to attract partners to the Sino-Singapore Tianjin Eco-City (Tianjin Eco-City) project, securing about RMB2.5 billion ($484 million) worth of industrial investment commitments in the Eco-Business Park (EBP) and Eco-Industrial Park (EIP). About half of the industrial investments come from Singaporean companies, including ST Environmental Services and Technologies, Pan Asian Water and PV World. Keppel Telecommunications & Transportation is planning to develop and operate a green integrated logistics distribution centre in the EIP. Keppel DHCS has also established a joint venture to provide district heating and cooling systems in the Eco-City.

Multi-national companies such as Hitachi, Philips and ST Engineering have taken up anchor tenancies in the EBP. Keppel Integrated Engineering will be the first anchor tenant in the EBP's Tianjin Eco-City Sustainable Development Innovation Centre, which aims to bring international education institutions, government agencies and leading companies under one roof.

SSTEC also formed a number of key strategic partnerships in 2010. A Memorandum of Understanding (MOU) was signed with Vancouver City and leading Canadian cleantech corporations to develop the first net zero-energy Canadian research and development centre in Asia. SSTEC also established an alliance with 11 Chinese and international corporations to drive the adoption of green transport solutions.

With all the land plots in the 4-sq km Start-Up Area (SUA) taken up for development, the SUA is expected to be completed by 2013, housing approximately 85,000 residents.

In 2010, more than 5,000 homes in Tianjin Eco-City were launched by different developers, drawing strong interest and brisk sales. These included developments from Keppel Land (pictured above), Japan's Mitsui Fudosan Residential and China's Shimao Group. In addition, SSTEC attracted two new developers, Korea's Samsung C&T Corporation and the Philippines' Ayala Land. SSTEC also signed an MOU with China Healthcare Limited to collaborate on an elderly apartment project.

To ensure that the quality of buildings is maintained in line with the Eco-City's Green Building Evaluation Standards, SSTEC established a subsidiary to provide eco-maintenance and property management services.

The master developer for the Tianjin Eco-City, SSTEC is a 50/50 joint venture between the Singapore Consortium led by the Keppel Group and a Chinese Consortium led by Tianjin TEDA Investment Holding Co., Ltd.

Profit before Tax

$66m

Decreased 56% from FY 2009's $149 million.

Net Profit

$49m

Decreased 59% from FY 2009's $119 million.

Major Developments in 2010

→ Knowledge Universe Education, a k1 Ventures' investee company, invested in the Canadian International School in Singapore and The Children's House in Malaysia.

→ M1 became the first company in Singapore to provide ultra high-speed broadband services on the new national fibre network, and launched its own application store.

Focus for 2011/2012

→ k1 Ventures to identify investment opportunities while continuing to focus on the management of existing investments with the aim of enhancing shareholder value.

→ M1 to continue to strengthen its position in the mobile market and capitalise on growth opportunities in Singapore riding on the new national fibre network.

Operating & Financial Review
Investments

EARNINGS REVIEW

Pre-tax earnings from Investments Division of $66 million was $83 million lower compared with 2009, as the previous year included contribution from Singapore Petroleum Company which was disposed in June 2009. Net profit of $49 million was $70 million below that of the previous year. Investments currently contribute 3% to the Group's earnings.

K1 VENTURES

k1 Ventures (k1) is a diversified investment company that has holdings in various targeted sectors of transportation leasing, education, oil and gas exploration, and automotive retail. Its major investments are in Helm Holding Corporation (Helm), the largest independent rail equipment leasing company in North America, and Knowledge Universe Holdings (KUH), a leading global education service provider.

For the financial year ended 30 June 2010, k1 recorded revenue of $70.9 million and an operating loss of $48.2 million compared to $99.1 million and an operating profit of $4.5 million in the prior year. The declines were principally due to a decrease in rail equipment leasing revenue and a fixed asset impairment charge of $36.7 million, offset in part by lower operating expenses.

For 2010, k1 distributed 0.5 cent per share to shareholders and has distributed a cumulative 22.31 cents per share or a total of $460 million to shareholders since 2005.

KUH, through its operating subsidiaries, acquired a majority stake in the Canadian International School in Singapore and completed the acquisition of The Children's House in Malaysia in 2010.

China Grand Auto, k1's investment in automotive retail, continues to perform well and expand its platform with strategic acquisitions.

The slow economic recovery in the US has led to weakness in rail traffic volumes, which has impacted the demand for rail assets. Helm's focus on expense management as well as opportunistically executing equipment sales has positively impacted cash flow which has been used to further de-leverage the business. We are hopeful that the US economic expansion will continue to provide positive trends, which will benefit Helm.

M1

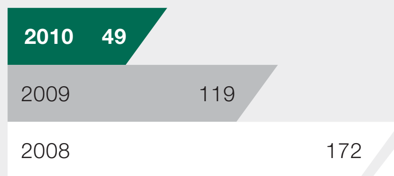
M1 is a leading integrated communications provider in Singapore. The company contributes significantly to Keppel Telecommunications & Transportation's (Keppel T&T) earnings and cashflow. For FY 2010, M1 contributed $37.9 million pre-tax profits, which made up 51% of Keppel T&T's pretax profits. The company also contributed total dividends of $24.1 million to Keppel T&T.

In 2010, M1 introduced a number of initiatives which boosted its non-voice services revenue. It was the first in Singapore to provide ultra high-speed broadband services on the new national fibre network. Its residential broadband customers were also offered a free fixed voice service. In addition, M1 launched its own application store to provide a wide selection of the latest applications for its customers.

Earnings Highlights

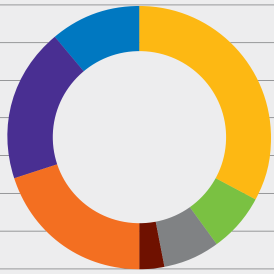
	2010 $ million	2009 $ million	2008 $ million
Revenue	**11**	39	54
EBITDA	**10**	4	26
Operating Profit	**9**	3	25
Profit before Tax	**66**	149	219
Net Profit	**49**	119	172
Manpower (Number)	**147**	135	165
Manpower (Cost)	**65**	76	65

Net Profit
($ million)



Revenue by Market 2010
(%)

Singapore	**33**
ASEAN	**7**
Rest of Asia-Pacific	**7**
Middle East / India	**3**
Europe	**20**
North America	**19**
South America	**11**
Total	**100**

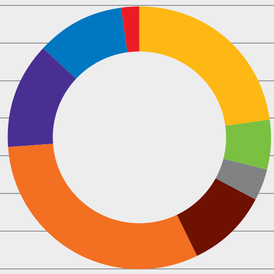


$9,783m

Singapore 33%
Overseas 67%

Revenue by Market 2009
(%)

Singapore	23
ASEAN	6
Rest of Asia-Pacific	4
Middle East / India	10
Europe	31
North America	13
South America	11
Central America	2
Total	100

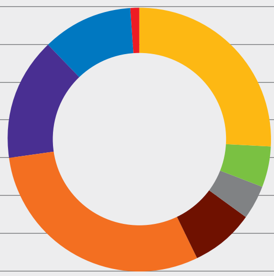


$12,247m

Singapore 23%
Overseas 77%

Revenue by Market 2008
(%)

Singapore	26
ASEAN	5
Rest of Asia-Pacific	4
Middle East / India	8
Europe	30
North America	15
South America	11
Central America	1
Total	100



$11,805m

Singapore 26%
Overseas 74%

PROSPECTS

The Offshore & Marine Division secured $3.2 billion worth of new orders for the year. The net orderbook at the end of the year stood at $4.6 billion with deliveries into 2013. The incident in the Gulf of Mexico has raised safety and environmental concerns in offshore drilling. With increasing focus on safety afforded by newer rigs and a global rig fleet that is relatively old, rigbuilders are expected to benefit from the renewal of existing rigs. The sharp divergence in utilisation and dayrates between new and old jackups has already led to the ordering of new jackups in the last quarter of the year. The Division's focus on innovation, quality, on-time delivery and safety will place it in a good position to win more orders and to widen and deepen its market leadership.

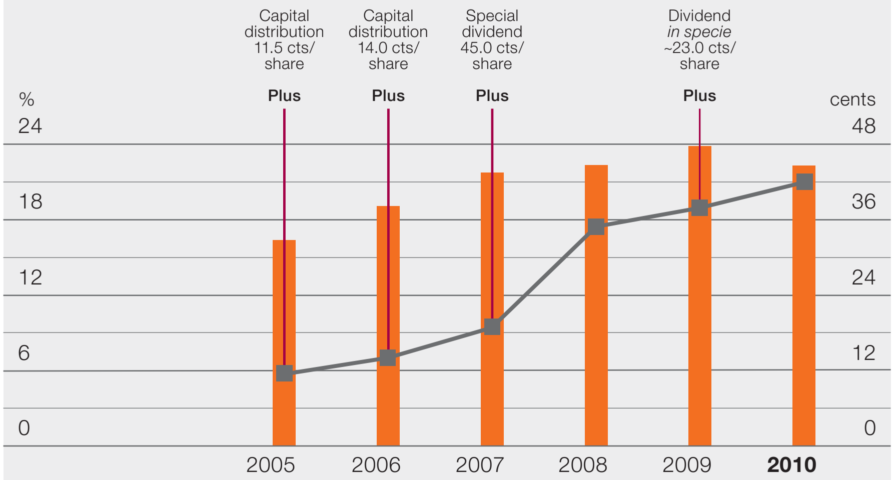
In the Infrastructure Division, the Group has commenced the expansion of the Keppel Merlimau Cogen power plant which will increase generation capacity from the current 500MW to 1,300MW by 2013. Notwithstanding the cost overruns and delays in our Qatar projects, the Group believes that the global drive towards sustainable development will provide opportunities for our environmental engineering business. The Group has just announced the consolidation of our data centre assets, which we expect to derive greater economies of scale and offer more cost-effective solutions to our customers.

Riding on the robust economic performance and favourable demographics, the Property Division sold more than 650 homes in Singapore for the year. With the latest round of cooling measures, buying sentiment is expected to turn cautious. We will time our launch of remaining units in our projects at Keppel Bay and Lakeside Drive when market stabilises. The recent asset swap between Keppel Land and K-REIT Asia has increased the Group's quality residential pipeline with the potential redevelopment of the Keppel Towers and GE Tower site to meet the demand for city living. The Division also posted record sales of about 4,600 homes overseas in 2010. Capitalising on aspirations for homes due to rising affluence and urbanisation in the region, the Group boosted its China portfolio and expanded its presence in Vietnam with several land acquisitions during the year. With healthy leasing activities on the back of buoyant economic growth, prime office rents in Singapore registered good increase in 2010. The Group achieved creditable office space take-up for our Marina Bay Financial Centre and Ocean Financial Centre projects.

With another year of record earnings in 2010, the Group is mindful of the challenges in 2011. The Group will continue to sharpen our competitive edge by leveraging on collective strengths and synergies among the Divisions so as to create value for our stakeholders.

Shareholder Returns

	2005	2006	2007	2008	2009	**2010**
ROE	16.4	19.1	21.8	22.4	23.9	**22.3**
Full-year dividend	11.5	14.0	19.0	35.0	38.0	**42.0**



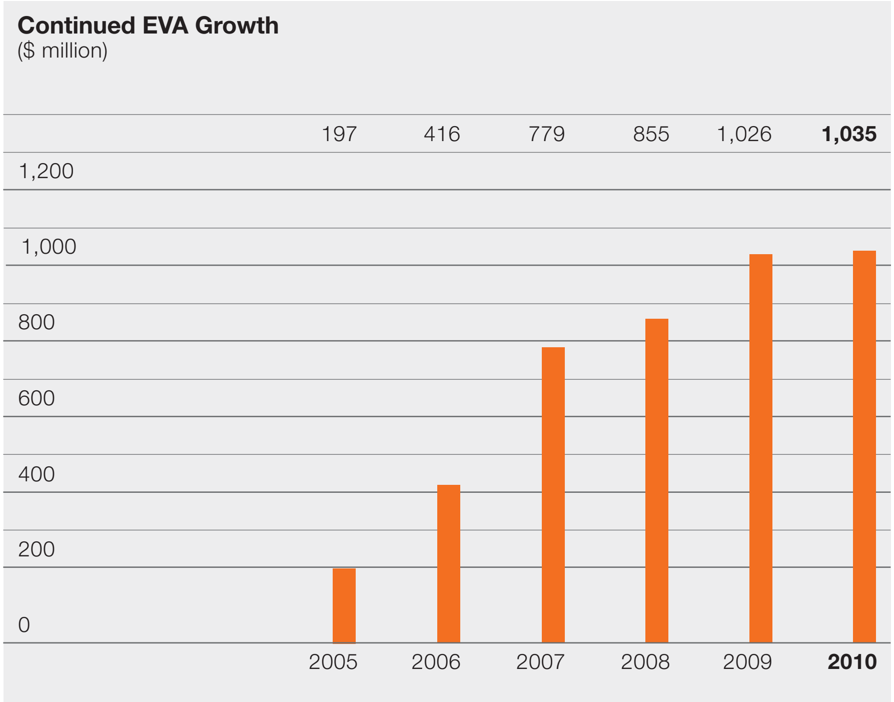
SHAREHOLDER RETURNS

Return on equity (ROE) exceeded 20% for the fourth consecutive year, reflecting our efforts to pursue higher returns for our shareholders.

The Company will be paying a total dividend of 42 cents per share. This comprises a final dividend of 26 cents per share and the interim dividend of 16 cents per share paid in August 2010. Total payout for 2010 represents 47% of Group net profit. This is equivalent to a gross yield of 3.7% on the Company's last transacted share price as at 31 December 2010.

The distribution to shareholders is paid on account of increased profitability and strong operational cash flow. We are committed to reward shareholders with generous payouts as we achieve healthy year-on-year improvement in earnings growth.

To reward our shareholders for their continuing support, as well as to increase the accessibility of an investment in the Company to more investors, thereby encouraging trading liquidity and greater participation by investors and broadening our shareholder base, the Company will be issuing one bonus share for every 10 existing ordinary shares held by shareholders.



ECONOMIC VALUE ADDED (EVA)

In 2010, EVA excluding exceptional items rose by $9 million to $1,035 million. This was attributable to higher operating profit (excluding exceptional items), partially offset by higher capital charge.

Capital charge rose by $130 million as a result of higher Average EVA Capital and higher Weighted Average Cost of Capital (WACC). Average EVA Capital increased by $1.34 billion from $9.86 billion to $11.20 billion. WACC increased from 6.26% to 6.67% mainly due to increase in risk-free rate and beta.

EVA excluding exceptional items of $1,035 million in 2010 is the highest ever attained by the Group. The Group's effective deployment and management of resources to enhance shareholders' value is reflected in the

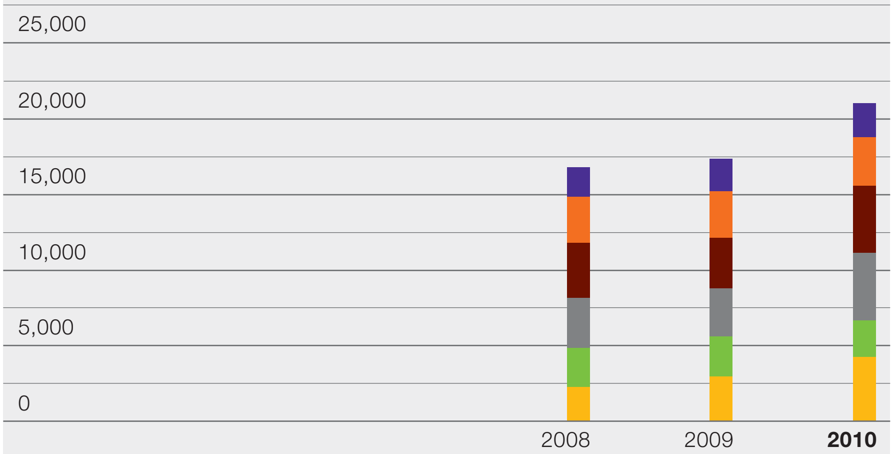
Economic Value Added (EVA)

	2010 $ million	10v09 +/(-)	2009 $ million	09v08 +/(-)	2008 $ million
Profit after tax & exceptional items	**1,343**	-494	1,837	+688	1,149
Adjustment for:					
Interest expense	**107**	+18	89	-16	105
Interest expense on non-capitalised leases	**21**	-	21	+1	20
Tax effect on interest expense adjustments (Note 1)	**(22)**	-7	(15)	+3	(18)
Provisions, deferred tax, amortisation & other adjustments	**66**	+2	64	+31	33
Net Operating Profit After Tax (NOPAT)	**1,515**	-481	1,996	+707	1,289
Average EVA Capital Employed (Note 2)	**11,201**	+1,340	9,861	+1,013	8,848
Weighted Average Cost of Capital (Note 3)	**6.67%**	+0.41%	6.26%	-0.49%	6.75%
Capital Charge	**(747)**	-130	(617)	-20	(597)
Economic Value Added	**768**	-611	1,379	+687	692
Comprising:					
EVA excluding exceptional items	**1,035**	+9	1,026	+171	855
EVA of exceptional items	**(267)**	-620	353	+516	(163)
	768	-611	1,379	+687	692

Notes:
1. The reported current tax is adjusted for statutory tax impact on interest expenses.
2. Average EVA Capital Employed is derived from the quarterly averages of net assets plus interest-bearing liabilities, provision and present value of operating leases.
3. Weighted Average Cost of Capital is calculated in accordance with the Keppel Group EVA Policy as follows:
   (a) Cost of Equity using Capital Asset Pricing Model with market risk premium set at 6% (2009: 6%);
   (b) Risk-free rate of 2.5526% (2009: 2.1949%) based on yield-to-maturity of Singapore Government 10-year Bonds;
   (c) Unlevered beta at 0.74 (2009: 0.72); and
   (d) Pre-tax Cost of Debt at 3.03% (2009: 3.13%) using 5-year Singapore Dollar Swap Offer Rate plus 70 basis points (2009: 100 basis points).

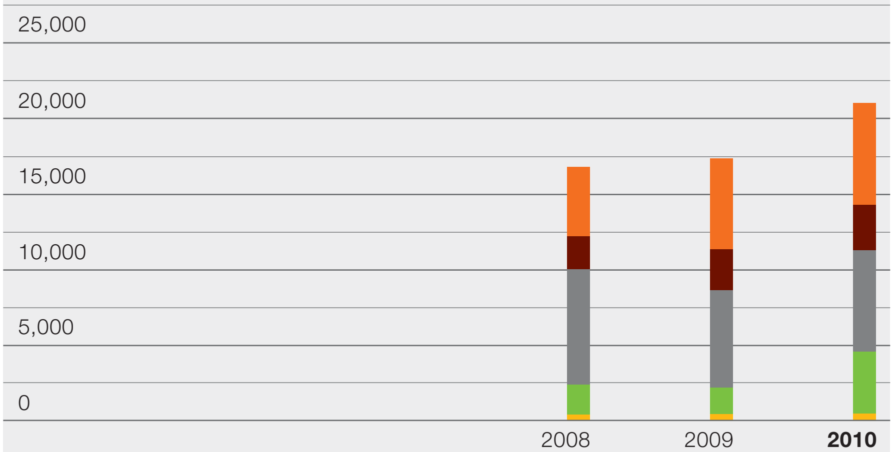
Total Assets Owned
($ million)

	2008	2009	2010
Fixed assets	1,947	2,157	**2,243**
Properties	3,030	3,051	**3,208**
Investments	3,633	3,332	**4,443**
Stocks & work-in-progress	3,318	3,178	**4,441**
Debtors & others	2,574	2,653	**2,400**
Bank balances, deposits & cash	2,245	2,936	**4,246**
Total	16,747	17,307	**20,981**



Total Liabilities Owed and Capital Invested
($ million)

	2008	2009	2010
Shareholders' funds	4,596	5,985	**6,740**
Non-controlling interests	2,153	2,728	**2,984**
Creditors	7,647	6,423	**6,730**
Term loans & bank overdrafts	1,970	1,759	**4,068**
Other liabilities	381	412	**459**
Total	16,747	17,307	**20,981**



positive and growing EVA that we have been achieving since 2004.

FINANCIAL POSITION

Group total assets of $20.98 billion at 31 December 2010 were $3.67 billion or 21.2% higher than the previous year-end. Associated companies increased because K-Green Trust became an associated company following the distribution in specie of 51% of K-Green Trust units to Keppel Corporation's shareholders in June 2010. Increase in investment properties was due to the acquisition of two commercial buildings in Australia and the redevelopment cost of Ocean Financial Centre. Decrease in long term receivables was due to the sale of Senoko WTE Plant, Keppel Seghers Tuas WTE Plant and Keppel Seghers Ulu Pandan NEWater Plant to K-Green Trust. Higher stocks and work-in-progress were due to expenditure on trading properties and acquisitions of land for development.

Group shareholders' funds increased from $5.99 billion at 31 December 2009 to $6.74 billion at 31 December 2010. The increase was mainly attributable to retained profits for the year and fair value gain on available-for-sale assets, partially offset by payment of final dividend of 23 cents per share and special dividend *in specie* of K-Green Trust units of approximately 23 cents per share in respect of financial year 2009, and the interim dividend of 16 cents per share for financial year 2010.

Group total liabilities of $11.26 billion at 31 December 2010 were $2.66 billion or 31.0% higher than the previous year-end. Higher level of term loans was due to increased bank borrowings and funds raised in the capital markets during the year for working capital requirements, operational capital expenditure and acquisitions.

Group net cash of $178 million at 31 December 2010 was a decrease of $999 million from $1,177 million at 31 December 2009. This was mainly due to operational cash outflow, capital expenditure and dividend payment.

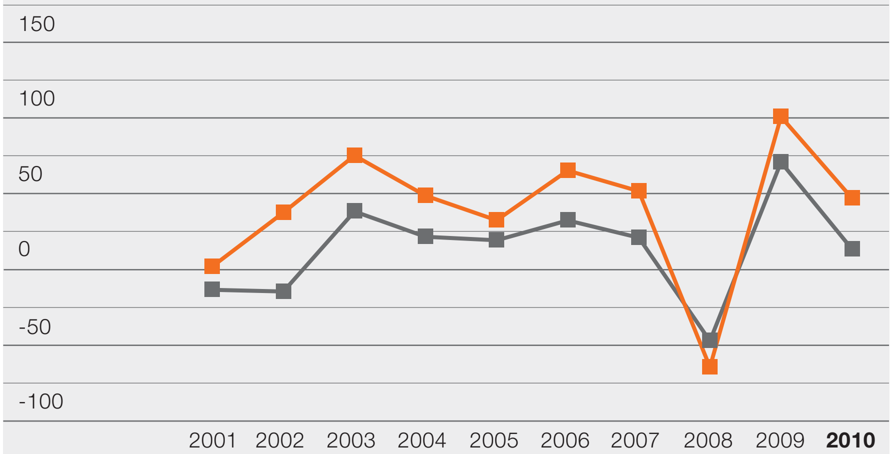
TOTAL SHAREHOLDER RETURN

Keppel is committed to deliver value to shareholders through earnings growth. We will continue to identify, develop and build growth platforms for our businesses, sharpen our strategic focus, streamline our businesses, launch new products, strengthen customer relationships and penetrate new markets.

Our Total Shareholder Return (TSR) for 2010 was 47%. This was 34% above the benchmark Straits Times Index's (STI) TSR of 13%. Over the past nine years, our Compound Annual Growth Rate (CAGR) TSR of 32% was also significantly higher than STI's CAGR TSR of 9%.

Total Shareholder Return (TSR)
(%)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	**2010**
Keppel	2.0	37.6	75.2	48.7	32.5	65.3	51.7	(64.4)	100.8	**47.0**
STI	(13.4)	(14.5)	38.3	21.6	19.3	32.4	21.0	(47.1)	70.8	**13.4**



CASH FLOW

Net cash from operating activities was $450 million compared to $670 million in the previous year. This was mainly due to increased working capital and higher income taxes paid, partly offset by higher operating profit.

Net cash used in investing activities was $643 million. The Group spent $1,266 million on acquisitions and operational capital expenditure. This comprised principally the acquisition of two commercial buildings in Australia, equity injection into the Tianjin Eco-City and Dong Nai projects, further investment in Marina Bay Financial Centre, redevelopment cost of Ocean Financial Centre and other operational capital expenditure. Divestment and dividend income totalled $623 million.

Free cash flow was a negative $193 million as compared to a positive $1,097 million in the previous year.

Total distribution to shareholders of the Company and minority shareholders of

Cash Flow

	2010 $ million	10v09 +/(-)	2009 $ million	09v08 +/(-)	2008 $ million
Operating profit	**1,756**	+251	1,505	+267	1,238
Depreciation, amortisation & other non-cash items	**233**	+29	204	+46	158
Cash flow provided by operations before changes in working capital	**1,989**	+280	1,709	+313	1,396
Working capital changes	**(1,301)**	-390	(911)	-1,763	852
Interest receipt and payment & tax paid	**(238)**	-110	(128)	+73	(201)
Net cash from operating activities	**450**	-220	670	-1,377	2,047
Investments & capital expenditure	**(1,266)**	-48	(1,218)	-678	(540)
Divestments & dividend income	**623**	-1,022	1,645	+1,253	392
Net cash used in investing activities	**(643)**	-1,070	427	+575	(148)
Free cash flow	**(193)**	-1,290	1,097	-802	1,899
Dividend paid to shareholders of the Company & subsidiaries	**(757)**	-96	(661)	+540	(1,201)

An integrated development centrally located on prime waterfront space, the Marina Bay Financial Centre has been committed to international banking and financial institutions and various multi-national companies.

subsidiaries for the year amounted to $757 million.

FINANCIAL RISK MANAGEMENT

The Group operates internationally and is exposed to a variety of financial risks, including market risk (foreign currency exchange rates, interest rates and commodity/equity prices), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines.

These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Group Finance Director and comprises Chief Financial Officers of the Group's key operating companies and Head Office specialists.

The Group's financial risk management is discussed in more detail in the notes to the financial statements. In summary:

- The Group has receivables and payables denominated in foreign currencies viz US dollars, European and other Asian currencies. Foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against the Singapore dollar, which is the Group's measurement currency. The Group utilises forward foreign currency contracts to hedge its exposure to specific currency risks relating to receivables and payables. The bulk of these forward foreign currency contracts are entered into to hedge any excess US dollars arising from Offshore & Marine contracts based on the expected timing of receipts. The Group does not engage in foreign currency trading;

- The Group hedges against price fluctuations arising on purchase of natural gas. Exposure is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to a benchmark fuel price index, High Sulphur Fuel Oil 180-CST;

- The Group maintains a mix of fixed and variable rate debt/loan instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks. This may include interest rate swaps and interest rate caps;

- The Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time; and

- The Group adopts stringent procedures on extending credit terms to customers and the monitoring of credit risk.

BORROWINGS

The Group borrows from local and foreign banks in the form of short-term and long-term loans, project loans and bonds. At the end of 2010, 10% (2009: 48% and 2008: 10%) of Group borrowings were repayable within one year with the balance largely repayable between two and five years.

Unsecured borrowings constituted 69% (2009: 64% and 2008: 69%) of total borrowings with the balance secured by properties and assets. Secured borrowings are mainly for finance of investment properties and project finance loans for property development projects. The net book value of properties and assets pledged/mortgaged to financial institutions amounted to $2.55 billion (2009: $2.41 billion and 2008: $2.81 billion).

Fixed rate borrowings constituted 52% (2009: 39% and 2008: 29%) of total borrowings with the balance at floating rates. The Group has interest rate swap agreements with notional amount totalling $929 million, whereby it receives variable rates equal to SOR and pays fixed rates of between 1.43% and 3.62% on the notional amount. The Group also has interest rate cap agreements to hedge the interest rate risk exposure arising from its US dollar and Singapore dollar variable rate term loans. As at the end of the financial year 2010, the Group has outstanding interest rate cap agreements of $46 million.

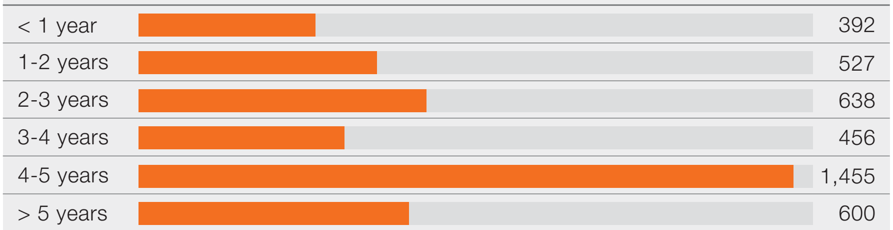
Details of these derivative instruments are disclosed in the notes to the financial statements in this Report.

Singapore dollar borrowings represented 93% (2009: 96% and 2008: 94%) of total borrowings. The balances were in US dollars, Brazilian Reals and other Asian currencies. Foreign currency borrowings were drawn to hedge against the Group's overseas investments and receivables, which were denominated in foreign currencies.

CAPITAL STRUCTURE & FINANCIAL RESOURCES

The Group maintains a strong balance sheet and an efficient capital structure to maximise returns for shareholders. The strong operational cash flow of the Group and divestment proceeds

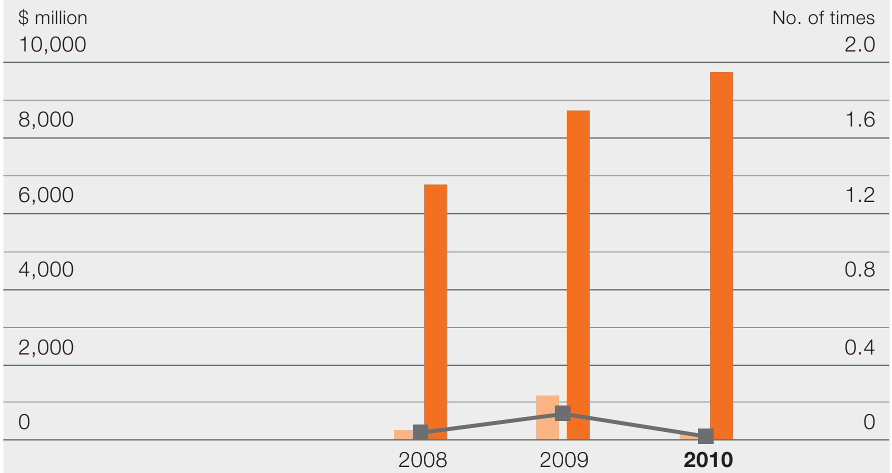
Debt Maturity
($ million)



Net Cash/(Gearing)

$$\text{Net Cash/(Gearing) Ratio} = \frac{\text{Borrowings – Cash}}{\text{Capital Employed}}$$

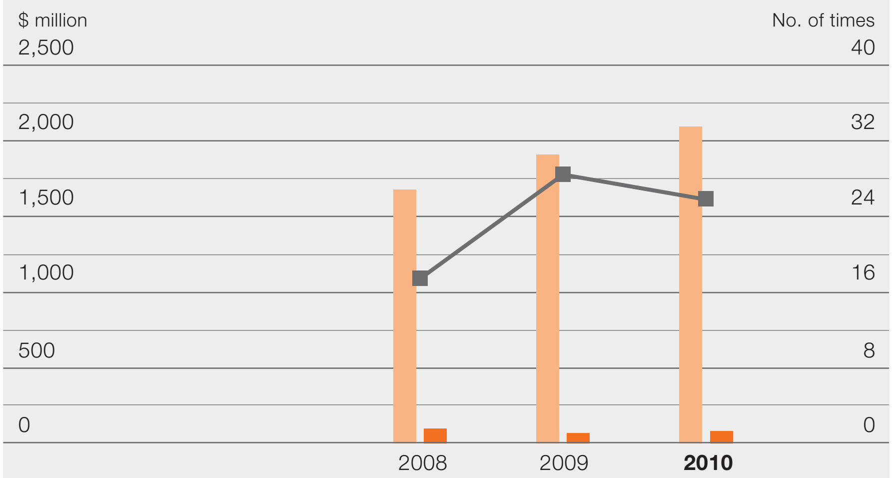
	2008	2009	2010
Net Cash	275	1,177	**178**
Capital Employed	6,749	8,713	**9,724**
Net Cash Ratio	0.04	0.14	**0.02**



Interest Coverage

$$\text{Interest Coverage} = \frac{\text{EBIT}}{\text{Interest Cost}}$$

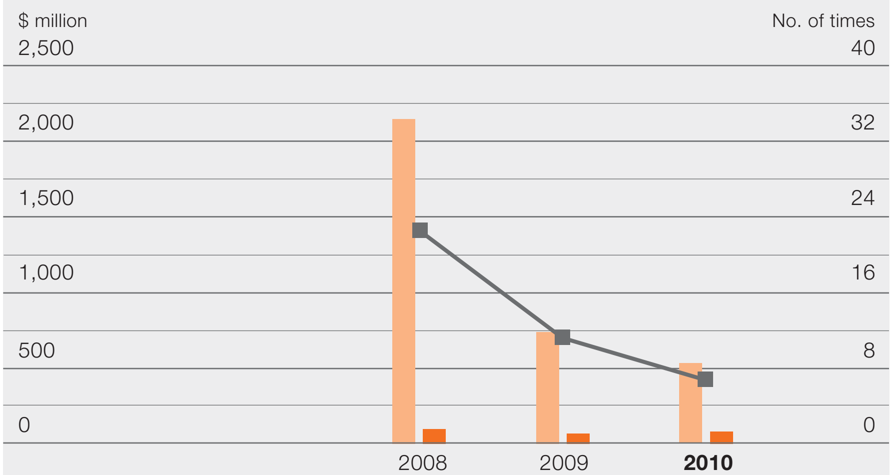
	2008	2009	2010
EBIT	1,676	1,905	**2,091**
Total Interest Cost	96	67	**81**
Interest Cover	17.46	28.44	**25.81**



Cash Flow Coverage

$$\text{Cash Flow Coverage} = \frac{\text{Operating Cash Flow + Interest Cost}}{\text{Interest Cost}}$$

	2008	2009	2010
Operating Cash Flow + Interest	2,143	737	**531**
Total Interest Cost	96	67	**81**
Cash Flow Coverage	22.32	11.00	**6.56**



from low yielding and non-core assets will provide resources to grow the Group's businesses.

Every new investment will have to satisfy strict criteria for return on investment, cash flow generation, EVA creation and risk management. New investments will be structured with an appropriate mix of equity and debt after careful evaluation and management of risks.

Capital Structure

Capital employed at the end of 2010 was $9.72 billion, an increase of $1.01 billion over 2009 and $2.97 billion over 2008. The Group was in a net cash position of $178 million at the end of 2010 compared to net cash of $1.18 billion in 2009 and net cash of $275 million in 2008. The Group's net cash ratio was 0.02 times at the end of 2010.

Interest coverage increased from 17.46 times in 2008 to 28.44 times in 2009 and decreased to 25.81 times in 2010. Despite higher EBIT in 2010, interest coverage has reduced because of higher borrowings and interest expense.

Cash flow coverage decreased from 22.32 times in 2008 to 11.00 times in 2009 and to 6.56 times in 2010. This was mainly due to lower operating cash flow.

At the Annual General Meeting in 2010, shareholders gave their approval for the mandate to buy back shares. The Company did not exercise this mandate.

Financial Resources

As part of its liquidity management, the Group has built up adequate cash reserves and short-term marketable securities as well as sufficient undrawn banking facilities and capital market programme. Funding of working capital requirements, capital expenditure and investment needs is made through a mix of short-term money market borrowings and medium/long-term loans.

Due to the dynamic nature of its businesses, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time. Cash flow, debt maturity profile and overall liquidity position are actively reviewed on an ongoing basis.

The Group has further strengthened its financial capacity during the year. As at end of 2010, total funds available and unutilised facilities amounted to $7.62 billion.

Financial Capacity

	$ million	Remarks
Cash at Corporate Treasury	2,731	64% of total cash of $4.25 billion
Credit facilities extended to the Group	4,892	Credit facilities of $6.87 billion, of which $1.98 billion was utilised
Total	**7,623**	

CRITICAL ACCOUNTING POLICIES

The Group's significant accounting policies are discussed in more detail in the notes to the financial statements in this Report. The preparation of financial statements requires management to exercise its judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions which affect the reported amounts of assets, liabilities, income and expenses. Critical accounting estimates and judgement are described below.

Impairment of Loans and Receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a loan and receivable is impaired. The Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Impairment of Available-for-Sale Investments

The Group follows the guidance of FRS 39 in determining whether available-for-sale investments are considered impaired. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health and the near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Impairment of Non-Financial Assets

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

Revenue Recognition

The Group recognises contract revenue based on the stage of completion method which is measured by reference to the proportion of contract work completed. Significant assumption is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. In making the assumption, the Group evaluates by relying on past experience and the work of engineers.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

Income Taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant assumption is required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Claims, Litigations and Reviews

The Group entered into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks, etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgement as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

1

2

1_As the most comprehensive offshore and marine facility in Latin America, BrasFELS is in a strong position to help meet Brazil's requirements for greater local content, and to give value to Petrobras and drillers operating in Brazil and the region.

2_Keppel Logistics is well-positioned to benefit from the increase in demand for logistics and warehousing services.

Sustainability Report Highlights

We aim to achieve sustainable business growth by contributing to the well-being of the environment, society and community.

Sustaining Growth
(pages 96-127)

Our commitment to business excellence is driven by our unwavering focus on strong corporate governance and prudent risk management.

Resource efficiency is not only our responsibility, it also makes good business sense.

Innovation and delivering quality products and services are key in sharpening our competitive edge.

Empowering Lives
(pages 128-135)

People are the cornerstone of our businesses.

As an employer of choice, we are committed to grow and nurture our talent pool through continuous training and development to help our people reach their full potential.

We want to instill a culture of safety so that everyone who comes to work goes home safe.

Nurturing Communities
(pages 136-140)

As a global corporate citizen, we believe that as communities thrive, we thrive. We give back to communities wherever we operate through our multi-faceted approach towards Corporate Social Responsibility.

We also believe that cultivating a green mindset among our employees will spur them to adopt a sustainable lifestyle.

As leaders in our businesses, we support industry programmes and initiatives, and encourage open dialogue for further growth.

For more details, please refer to Keppel Corporation's *Sustainability Report 2010*, which will be available in June 2011 and also via our website at www.kepcorp.com.


Woodlands

Sustaining Growth

Corporate Governance

Our Board of Directors bring their deep insights and diverse expertise to the strategic governance of the Group, acting in the best interest of our shareholders at all times.

We are committed to strong corporate governance which is essential in enhancing shareholder value and achieving sustainable growth for the Group.

Code of Corporate Governance 2005
Specific Principles and Guidelines for Disclosure

Relevant guideline or principle	Page reference in this report
Guideline 1.3 Delegation of authority, by the board to any board committee, to make decisions on certain board matters	Pages 98 and 99
Guideline 1.4 The number of board and board committee meetings held in the year, as well as the attendance of every board member at these meetings	Page 98
Guideline 1.5 The type of material transactions that require board approval under internal guidelines	Page 99
Guideline 2.2 Where the company considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem him as non-independent, the nature of the director's relationship and the reason for considering him as independent should be disclosed	Pages 99 and 100
Guideline 3.1 Relationship between the Chairman and CEO where they are related to each other	Not Applicable
Guideline 4.1 Composition of nominating committee	Page 101
Guideline 4.5 Process for selection and appointment of new directors to the board	Pages 101 and 102
Guideline 4.6 Key information regarding directors, which directors are executive, non-executive or considered by the nominating committee to be independent	Pages 220 to 224 and 231
Guideline 5.1 Process for assessing the effectiveness of the board as a whole and the contribution of each individual director to the effectiveness of the board	Pages 102, 103, 114 and 115
Principle 9 Clear disclosure of its remuneration policy, level and mix of remuneration, procedure for setting remuneration and link between remuneration paid to directors and key executives, and performance	Pages 104 to 107
Guideline 9.1 Composition of remuneration committee	Page 104
Guideline 9.2 Names and remuneration of each director. The disclosure of remuneration should be in bands of $250,000. There will be a breakdown (in percentage terms) of each director's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, and stock options granted and other long-term incentives Names and remuneration of at least the top five key executives (who are not also directors). The disclosure should be in bands of $250,000 and include a breakdown of remuneration	Pages 106 and 107
Guideline 9.3 Remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceed $150,000 during the year. The disclosure should be made in bands of $250,000 and include a breakdown of remuneration	Page 107
Guideline 9.4 Details of employee share schemes	Pages 145, 146, and 169 to 172
Guideline 11.8 Composition of audit committee and details of the committee's activities	Pages 107 to 112
Guideline 12.2 Adequacy of internal controls, including financial, operational and compliance controls, and risk management systems	Pages 110 to 112

The board and management of Keppel Corporation Limited ("KCL" or the "Company") firmly believe that a genuine commitment to good corporate governance is essential to the sustainability of the Company's businesses and performance, and are pleased to confirm that the Company has adhered to the principles and guidelines of the Code of Corporate Governance 2005[1] (the "2005 Code").

The following describes the Company's corporate governance practices with specific reference to the 2005 Code.

BOARD'S CONDUCT OF AFFAIRS

Principle 1:

Effective board to lead and control the company

Role: The principal functions of the board are to:

– decide on matters in relation to the Group's activities which are of a significant nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;
– oversee the business and affairs of the Company, establish, with management, the strategies and financial objectives to be implemented by management, and monitor the performance of management;
– oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes; and
– assume responsibility for corporate governance.

Independent Judgment: All directors are expected to exercise independent judgment in the best interests of the Company. This is one of the performance criteria for the peer and self-assessment on the effectiveness of the individual directors. Based on the results of the peer and self-assessment carried out by the directors for FY 2010, all directors have discharged this duty consistently well.

Board Committees: To assist the board in the discharge of its oversight function, various board committees, namely the Audit, Board Risk, Nominating, Remuneration, and Board Safety Committees, have been constituted with clear written terms of reference. All the board committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the respective board committees are disclosed in the Appendix to this report.

Meetings: The board meets six times a year and as warranted by particular circumstances. Telephonic attendance and conference via audio-visual communication at board meetings are allowed under the Company's Articles of Association. Further, the non-executive directors meet without the presence of management on a need basis. The number of board, board committee, and non-executive director, meetings held in FY 2010, as well as the attendance of each board member at these meetings, are disclosed below:

[1] The Code of Corporate Governance 2005 issued by the Ministry of Finance on 14 July 2005.

		Board Committee Meetings					Non-executive directors' Meeting (without presence of management)
	Board Meetings	Audit	Nominating	Remuneration	Safety	Risk	
Lee Boon Yang	8	–	4	11	3	–	1
Lim Hock San	8	5	–	11	–	4	1
Choo Chiau Beng	8	–	–	–	3	–	–
Sven Bang Ullring	8	–	4	10	3	–	1
Tony Chew Leong-Chee	8	5	4	–	–	–	1
Oon Kum Loon[1]	8	5	4	10	–	4	1
Tow Heng Tan	7	–	4	11	–	4	1
Alvin Yeo Khirn Hai	7	4	–	–	–	4	1
Tan Ek Kia[2]	3 of 3	–	–	–	–	–	–
Danny Teoh[3]	3 of 3	–	–	–	–	–	–
Teo Soon Hoe	8	–	–	–	–	–	–
Tong Chong Heong	8	–	–	–	–	–	–
No. of Meetings Held	**8**	**5**	**4**	**11**	**3**	**4**	**1**

[1] Mrs Oon Kum Loon relinquished her membership on the Nominating Committee with effect from 1 December 2010.
[2] Mr Tan Ek Kia was appointed as non-executive director with effect from 1 October 2010 and member of the Board Safety Committee and Nominating Committee with effect from 1 December 2010.
[3] Mr Danny Teoh was appointed as non-executive director with effect from 1 October 2010 and member of the Audit Committee and Remuneration Committee with effect from 1 December 2010.

Internal Limits of Authority: The Company has adopted internal guidelines setting forth matters that require board approval. Under these guidelines, new investments or increase in investments and divestments exceeding $30 million by any Group company, and all commitments to term loans and lines of credit from banks and financial institutions by the Company, require the approval of the board. Each board member has equal responsibility to oversee the business and affairs of the Company. Management on the other hand is responsible for the day-to-day operation and administration of the Company in accordance with the policies and strategy set by the board.

Director Orientation: A formal letter is sent to newly-appointed directors upon their appointment explaining their duties and obligations as director. All newly-appointed directors undergo a comprehensive orientation programme which includes management presentations on the Group's businesses and strategic plans and objectives, and site visits.

Training: The directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and industry-related matters, so as to update and refresh them on matters that affect or may enhance their performance as board or board committee members. In FY 2010, some KCL directors attended the two-day "Inaugural International Symposium on Catastrophe Risk Management" organised by Nanyang Technological University, a four-day conference on "Making Corporate Boards More Effective" organised by the Harvard Business School, and a seminar on "Director's Responsibilities in respect of Prospectus, Annual Report & Circulars" organised by the Singapore Institute of Directors & Wong Partnership, among others.

BOARD COMPOSITION AND GUIDANCE

Principle 2:

Strong and independent element on the Board

Board Composition: To discharge its oversight responsibilities, the board must be an effective board which can lead and control the business of the Group. The directors believe that, in view of the many complex businesses that the Company is involved in, the board should comprise executive directors, who have intimate knowledge of the business, and independent directors, who can take a broader view of the Group's activities and bring independent judgment to bear on issues for the board's consideration.

Board Independence: The Nominating Committee determines on an annual basis whether or not a director is independent, bearing in mind the Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a director not to be independent. In this connection, the Nominating Committee takes into account, among other things, whether a director has business relationships with the Company or any of its subsidiaries, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company. In this connection, the Nominating Committee noted that Mr Alvin Yeo would be deemed non-independent by virtue of his position as Senior Partner of WongPartnership LLP which is one of the law firms providing legal services to Keppel Group companies. However, the Nominating Committee considers that the integrity and independence of Mr Alvin Yeo are beyond doubt in view of his credentials and conduct on the board. Further, the Nominating Committee also deems a director who is directly associated with a substantial shareholder as non-independent, although such a relationship has not been expressly identified in the Code as one that would deem a director not to be independent. Mr Tow Heng Tan, who is Chief Investment Officer, Temasek Holdings, is therefore deemed non-independent by the Nominating Committee.

Board Size: The Nominating Committee is of the view that, taking into account the nature and scope of the Company's businesses, the board should consist of approximately 12 members. The board currently has majority independent directors with a total of 12 directors, of whom eight are independent. No individual or small group of individuals dominate the board's decision making.

The nature of the directors' appointments on the board and details of their membership on board committees are set out on page 114 herein.

Board Competency: The Nominating Committee is satisfied that the board comprises directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the board to be effective. In FY 2010, the board's core competencies were further strengthened with the appointment of Mr Tan Ek Kia and Mr Danny Teoh. Mr Tan brings to the board his deep and extensive knowledge and experience in the Energy and Utilities business and China, and best practices in such areas as human resources, health, safety and environment (HSE), and corporate social responsibility (CSR) from his long working career in Shell. Mr Tan has been appointed as a member of the Nominating Committee and Board Safety Committee. Mr Danny Teoh, former Managing Partner of KPMG Singapore, has deep knowledge and experience in audit, finance and risk. He has been appointed as a member of the Audit Committee and Remuneration Committee.

Board Information: The board and management fully appreciate that fundamental to good corporate governance is an effective and robust board whose members engage in open and constructive debate and challenge management on its assumptions and proposals, and that for this to happen, the board, in particular, the non-executive directors, must be kept well informed of the Company's business and affairs and be knowledgeable about the industry in which the businesses operate. The Company has therefore adopted initiatives to put in place processes to ensure that the non-executive directors are well supported by accurate, complete and timely information, have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively. These initiatives include regular informal meetings for management to brief the directors on prospective deals and potential developments at an early stage before formal board approval is sought, and the circulation of relevant information on business initiatives, industry developments and analyst and press commentaries on matters in relation to the Company or the industries in which it operates. A two-day off-site board strategy meeting is organized every two years for in-depth discussion on strategic issues and direction of the Group, to give the non-executive directors a better understanding of the Group and its businesses and to provide an opportunity for the non-executive directors to familiarise themselves with the management team so as to facilitate the board's review of the Group's succession planning and leadership development programme. The next board strategy meeting is scheduled to be held in March 2011. The Company has also made available on the Company's premises an office for the use by the non-executive directors at any time to facilitate direct access to management.

Non-executive Directors' Meetings: The board's non-executive directors meet on a need basis without the presence of management to discuss matters such as board processes, corporate governance initiatives, matters which they wish to discuss during the board off-site strategy meeting, succession planning and leadership development, and performance management and remuneration matters.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3:

Chairman and Chief Executive Officer should in principle be separate persons to ensure appropriate balance of power, increased accountability and greater capacity of the board for independent decision making

Dr Lee Boon Yang is the non-executive and independent Chairman, and Mr Choo Chiau Beng is the Chief Executive Officer, of the Company.

The Chairman, with the assistance of the Company Secretary, schedules meetings and prepares meeting agenda to enable the board to perform its duties responsibly having regard to the flow of the Company's operations.

The Chairman sets guidelines on and monitors the flow of information from management to the board to ensure that all material information are provided in a timely manner to the board for the board to make good decisions. He also encourages constructive relations

The Board interacts with the Group's Senior Management regularly, sharing their views and perspectives.

between the board and management, and between the executive directors and non-executive directors.

The Chairman also ensures effective communication with shareholders.

The Chairman takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance with the full support of the directors, Company Secretary and management.

BOARD MEMBERSHIP

Principle 4:

Formal and transparent process for the appointment of new directors to the Board

Nominating Committee

The Company has established a Nominating Committee (NC) to, among other things, make recommendations to the board on all board appointments and oversee the Company's succession and leadership development plans. The NC comprises entirely non-executive directors, four out of five of whom (including the Chairman) are independent; namely:

- Mr Tony Chew
  Independent Chairman
- Dr Lee Boon Yang
  Independent Member
- Mr Sven Ullring
  Independent Member
- Mrs Oon Kum Loon[1]
  Independent Member
- Mr Tow Heng Tan
  Non-Executive and
  Non-Independent Member
- Mr Tan Ek Kia
  Independent Member

The terms of reference of the NC are set out on pages 112 and 113 herein.

Process for appointment of new directors

The NC has put in place a formal process for the selection of new directors to increase transparency of the nominating process in identifying and evaluating nominees for directors. The NC leads the process and

[1] Mrs Oon Kum Loon stepped down as a member of the Nominating Committee, and Mr Tan Ek Kia was appointed in her place, on 1 December 2010.

makes recommendations to the board as follows:

(a) NC evaluates the balance of skills, knowledge and experience on the board and, in the light of such evaluation and in consultation with management, determines the role and the desirable competencies for a particular appointment.
(b) External help (for example, Singapore Institute of Directors, search consultants, open advertisement) may be used to source for potential candidates if need be. Directors and management may also make recommendations.
(c) NC meets with the short-listed candidates to assess suitability and to ensure that the candidate(s) are aware of the expectations and the level of commitment required.
(d) NC makes recommendations to the board for approval.

Criteria for appointment of new directors
All new appointments are subject to the recommendation of the NC based on the following objective criteria:

(1) Integrity
(2) Independent-mindedness
(3) Diversity – Possess core competencies that meet the needs of the Company and complement the skills and competencies of the existing directors on the board
(4) Able to commit time and effort to carry out duties and responsibilities effectively – proposed director is on not more than six principal boards
(5) Track record of making good decisions
(6) Experience in high-performing companies
(7) Financially literate

The NC is also charged with the responsibility of re-nomination having regard to the director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual director by his peers.

The directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to the Company's Articles of Association, one-third of the directors retire from office at the Company's annual general meeting, and a newly appointed director must submit himself for re-election at the annual general meeting immediately following his appointment.

As a matter of policy, a non-executive director would serve a maximum of two three-year terms of appointment. However, the board recognises the contribution of directors who over time have developed deep insight into the Group's businesses and operations and who are therefore able to provide invaluable contribution to the board as a whole. In such cases, the board would exercise its discretion to extend the term and retain the services of the director rather than lose the benefit of his contribution.

The NC is also charged with determining the "independence" status of the directors annually. Please refer to pages 99 and 100 herein on the basis of the NC's determination as to whether a director should or should not be deemed independent.

The NC also determines annually whether a director with multiple board representations is able to and has been adequately carrying out his duties as a director of the Company. The NC took into account the results of the assessment of the effectiveness of the individual director, and the respective directors' actual conduct on the board, in making this determination and was satisfied that in FY 2010, all the directors were able to and had adequately carried out their duties as director notwithstanding their multiple board representations.

The NC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards. As a guide, directors should not serve on more than six principal boards.

Nominee Director Policy
At the recommendation of the NC, the board approved the adoption of the KCL Nominee Director Policy in January 2009. For the purposes of the policy, a "Nominee Director" is a person who, at the request of KCL, acts as director (whether executive or non-executive) on the board of another company or entity ("Investee Company") to oversee and monitor the activities of the relevant Investee Company so as to safeguard KCL's investment in the company.

The purpose of the policy is to highlight certain obligations of a person while acting in his capacity as a Nominee Director. The policy also sets out the internal process for the appointment and resignation of a Nominee Director. The policy would be reviewed and amended as required to take into account current best practices and changes in the law and stock exchange requirements.

Key Information Regarding Directors
The following key information regarding directors are set out in the following pages of this Annual Report:

Pages 220 to 224 and 231: Academic and professional qualifications, board committees served on (as a member or Chairman), date of first appointment as director, date of last re-election as director, directorships or chairmanships both present and past held over the preceding five years in other listed companies and other major appointments, whether appointment is executive or non-executive, whether considered by the Nominating Committee to be independent; and

Pages 143 to 144: Shareholding in the Company and its subsidiaries.

BOARD PERFORMANCE

Principle 5:

Formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board

The board has implemented formal processes for assessing the effectiveness of the board as a whole, the contribution by each individual director to the effectiveness of the board, as well as the effectiveness of the Chairman of the board.

Independent Co-ordinator: To ensure that the assessments are done promptly and fairly, the board has appointed an independent third party (the "Independent Co-ordinator") to assist in collating and analysing the returns of the board members. Mrs Fang Ai Lian, former Chairman, Ernst & Young and currently Chairman, Great Eastern Holdings Ltd, was appointed for this role.

Formal Process and Performance Criteria: The evaluation processes and performance criteria are disclosed in the Appendix to this report.

Objectives and Benefits: The board assessment exercise provides an opportunity to obtain constructive feedback from each director on whether the board's procedures and processes allows him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the board as a whole. The assessment exercise also helps the directors to focus on their key responsibilities. The individual director assessment exercise allows for peer review with a view to raising the quality of board members. It also assists the NC in determining whether to re-nominate directors who are due for retirement at the next annual general meeting, and in determining whether directors with multiple board representations are nevertheless able to and have adequately discharged their duties as directors of the Company.

ACCESS TO INFORMATION

Principle 6:

Board members to have complete, adequate and timely information

As a general rule, board papers are required to be sent to the directors at least seven days before the board meeting so that the members may better understand the matters prior to the board meeting and discussion may be focused on questions that the directors may have. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the board meeting. The directors are also provided with the names and contact details of the Company's senior management and the Company Secretary to facilitate direct access to senior management and the Company Secretary.

The Company fully recognises that the flow of relevant information on an accurate and timely basis is critical for the board to be effective in the discharge of its duties. Management is therefore expected to provide the board with accurate information in a timely manner concerning the Company's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing the Company.

Management also provides the board members with management accounts on a monthly basis. Such reports keep the board informed, on a balanced and understandable basis, of the Group's performance, financial position and prospects and consist of the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax and attributable profit by major divisions compared against the budgets, together with explanation given for significant variances for the month and year-to-date.

The Company Secretary administers, attends and prepares minutes of board proceedings. She assists the Chairman to ensure that board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the board and board committees, and between senior management and the non-executive directors, and facilitating orientation and assisting in the professional development of the directors) are followed and regularly reviewed to ensure effective functioning of the board, and that the Company's memorandum and articles of association and relevant rules and regulations, including requirements of the Companies Act, Securities & Futures Act and Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX"), are complied with. She also assists the Chairman and the board to implement and strengthen corporate governance practices and processes with a view to enhancing long-term shareholder value. She is also the primary channel of communication between the Company and the SGX.

The appointment and removal of the Company Secretary are subject to the approval of the board.

Subject to the approval of the Chairman, the directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

REMUNERATION MATTERS

Principle 7:
The procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors should be formal and transparent

Principle 8:
Remuneration of directors should be adequate but not excessive

Principle 9:
There should be clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration

Remuneration Committee

The Remuneration Committee (RC) comprises entirely non-executive directors, five out of six[1] of whom (including the Chairman) are independent, namely:

– Mr Lim Hock San
Independent Chairman
– Dr Lee Boon Yang
Independent Member
– Mr Sven Ullring
Independent Member
– Mrs Oon Kum Loon
Independent Member
– Mr Tow Heng Tan
Non-Executive and Non-Independent Member
– Mr Danny Teoh
Independent Member

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual directors and senior management. The RC assists the board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholder value.

The RC recommends to the board for endorsement a framework of remuneration (which covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses, grant of shares and share options, and benefits in kind) and the specific remuneration packages for each director and the Chief Executive Officer. The RC also reviews the remuneration of senior management and administers the KCL Share Option Scheme, the KCL Restricted Share Plan (the "KCL RSP") and the KCL Performance Share Plan (the "KCL PSP").

The RC has access to expert advice in the field of executive compensation outside the Company where required.

ANNUAL REMUNERATION REPORT

Policy in respect of non-executive directors' remuneration

The directors' fees payable to non-executive directors is paid in cash and/or a fixed number of KCL shares as follows:

(i) **Cash Component**: Each non-executive director is paid a basic fee and if applicable (as explained below), attendance fee. In addition, non-executive directors who perform additional services in board committees are paid an additional fee for such services. The Chairman of each board committee is also paid a higher fee compared with the members of the respective committees in view of the greater responsibility carried by that office. Executive Directors are not paid directors' fees.

[1] Mr Danny Teoh was appointed as member of the Remuneration Committee on 1 December 2010.

		Basic Fee
Chairman		$125,000 per annum
Deputy Chairman		$70,000 per annum
Director		$50,000 per annum
Audit Committee	Chairman	$40,000 per annum
	Member	$20,000 per annum
Board Risk, Remuneration, Nominating and Board Safety Committees	Chairman	$25,000 per annum
	Member	$15,000 per annum

Basic Fee: The directors' fee structure (subject to shareholders' approval at each annual general meeting) is shown as above.

Attendance Fee: Further, subject to shareholders' approval at each annual general meeting, in the event that in a financial year, a non-executive director attends more than six board meetings and/or (as the case may be) more than four meetings of a board committee of which he is a member, he will be paid an attendance fee as set out below from the 7th board meeting onwards and/or (as the case may be) the 5th meeting of the board committee onwards which he attended in that financial year:

	In-Country	Out-Country
Board Meeting	$3,000	$5,000
Committee Meeting	$1,500	$3,000

(ii) **Share Component**: At an extraordinary general meeting of the Company held in 2007, the shareholders approved the board's recommendation to amend Article 82 of the Company's Articles of Association relating to the remuneration of directors to permit the Company to award a fixed number of KCL shares, as shall from time to time be determined by an Ordinary Resolution of the Company, to the non-executive directors as part of their remuneration. The Company is therefore able to remunerate its non-executive directors in the form of KCL shares by the purchase of KCL shares from the market for delivery to the non-executive directors. The incorporation of an equity component in the total remuneration of the non-executive directors is intended to achieve the objective of aligning the interests of the non-executive directors with those of the shareholders and the long-term interests of the Company.

The directors' fees payable to non-executive directors is subject to shareholders' approval at the Company's annual general meetings.

Remuneration policy in respect of Executive Directors and other Key Executives

The Company advocates a performance-based remuneration system that is highly flexible and responsive to the market, Company's, business unit's and individual employee's performance.

In designing the compensation structure, the RC seeks to ensure that the level and mix of remuneration is competitive and relevant. The total remuneration mix comprises three key components, that is, annual fixed cash, annual performance incentive and the KCL share plans. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances which the Company benchmarks with the relevant industry market median. The annual performance incentive is tied to the Company's, business unit's and individual employee's performance, inclusive of a portion which is tied to EVA performance. The KCL share plans are in the form of two new share plans approved by shareholders, the KCL RSP and the KCL PSP (collectively, the "KCL Share Plans"). The EVA performance incentive plan and the KCL Share Plans are both long-term incentive plans.

Long-Term Incentive Plans

EVA Incentive Plan

Each year, the current year's EVA bonus earned is added to the accrued EVA bank balance of the preceding year and thereafter one-third (1/3) is paid out provided the total EVA balance is positive. The other two-third (2/3) of the total EVA balance is credited to the executive's EVA Bank for payment in future years, subject to the continued EVA performance of the Company. The EVA bank concept is used to defer incentive compensation over a time horizon to ensure that the executive continues to generate sustainable shareholder value over the longer term. The EVA bank account is designated on a personal basis and represents the executive's contribution to the EVA performance of the Company. Monies credited into the EVA bank are at risk in that the amount in the bank can decrease should EVA performance be adversely affected in the future years.

KCL Share Plans

At the extraordinary general meeting of the Company held on 23 April 2010, the Company's shareholders approved the adoption of the KCL Share Plans, with effect from the date of termination of the KCL Share Option Scheme. The KCL Share Option Scheme was terminated on 30 June 2010. Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the KCL Share Option Scheme.

The KCL Share Plans are put in place to increase the Group's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for the Group's long-term shareholder value. The KCL Share Plans also aim to strengthen the Group's competitiveness in attracting and retaining talented key senior management and employees. The KCL RSP is intended to apply to a broader base of employees while the KCL PSP is intended to apply to a select group of key senior management. Generally, it is envisaged that the range of performance targets to be set under the KCL RSP and the KCL PSP will be different, with the latter emphasising stretched or strategic targets aimed at sustaining longer-term growth.

Details of the KCL Share Plans are set out on pages 146, 171 and 172.

The Executive Directors participate in both the KCL RSP and the KCL PSP.

Level and mix of remuneration of Directors and Key Executives (who are not also Directors) for the year ended 31 December 2010

The level and mix of each of the directors' remuneration in bands of $250,000 are set out below:

	Base/ Fixed Salary	Performance-Related Bonuses Earned (including EVA and non-EVA Bonuses) Paid	Deferred & at risk	Directors' Fees	Directors' Allowance	Benefits-in-Kind	Contingent awards of shares[1]	Remuneration Shares[2]
Remuneration Band & Name of Director								
Abv $8,000,000 to $8,250,000								
Choo Chiau Beng	14%	44%	42%	–	–	n.m.[3]	0 to 300,000 PSP 0 or 150,000 RSP	–
Abv $5,500,000 to $8,000,000								
Nil	–	–	–	–	–	–	–	–
Abv $5,250,000 to $5,500,000								
Teo Soon Hoe	16%	43%	41%	–	–	n.m.	0 to 200,000 PSP 0 or 100,000 RSP	–
Tong Chong Heong	15%	44%	41%	–	–	n.m.	0 to 180,000 PSP 0 or 90,000 RSP	–
$250,000 to $5,250,000								
Nil	–	–	–	–	–	–	–	–
Below $250,000								
Lee Boon Yang	–	–	–	60%	3%	–	–	37%
Lim Hock San	–	–	–	83%	–	–	–	17%
Sven Bang Ullring	–	–	–	73%	6%	–	–	21%
Tony Chew Leong-Chee	–	–	–	75%	–	–	–	25%
Oon Kum Loon	–	–	–	81%	–	–	–	19%
Tow Heng Tan	–	–	–	76%	–	–	–	24%
Alvin Yeo Khirn Hai	–	–	–	72%	–	–	–	28%
Tan Ek Kia	–	–	–	64%	–	–	–	36%
Danny Teoh	–	–	–	64%	–	–	–	36%

Notes:
1. Shares awarded under the KCL PSP and KCL RSP are subject to pre-determined performance targets set over a three-year and a one-year performance period respectively. For the KCL PSP, the additional award can be up to 50% of the maximum range depending on the achievement of the pre-determined targets at the end of the three-year performance period.
2. Estimated value based on KCL shares' closing price of $11.32 on the last trading day of FY2010.
3. n.m. – not material

The level and mix of each of the key executives (who are not also directors) in bands of $250,000 are set out below:

	Base/ Fixed Salary	Performance-Related Bonuses Earned (including EVA and non-EVA Bonuses)		Benefits-in-Kind	Contingent awards of shares[1]
		Paid	Deferred & at risk		
Remuneration Band & Name of Key Executive					
Abv $3,000,000 to $3,250,000					
Wong Kingcheung, Kevin	26%	37%	37%	n.m.	0 to 200,000 PSP[4] 0 or 70,000 RSP[4]
Abv $2,000,000 to $3,000,000					
Nil	–	–	–	–	–
Abv $1,750,000 to $2,000,000					
Loh Chin Hua	33%	67%	–	n.m.	0 to 120,000 PSP[4]
Abv $1,500,000 to $1,750,000					
Ang Wee Gee	30%	38%	32%	n.m.	0 to 120,000 PSP[4] 0 or 40,000 RSP[4]
Yeo Chien Sheng, Nelson	24%	37%	39%	n.m.	0 or 75,000 RSP
Abv $1,250,000 to $1,500,000					
Chia Hock Chye, Michael	25%	37%	38%	n.m.	0 or 75,000 RSP
Abv $1,000,000 to $1,250,000					
Chow Yew Yuen	33%	36%	31%	n.m.	0 or 50,000 RSP
Ong Tiong Guan	31%	37%	32%	n.m.	0 or 50,000 RSP
Wong Kok Seng	28%	37%	35%	n.m.	0 or 50,000 RSP
Abv $750,000 to $1,000,000					
Hoe Eng Hock	40%	36%	24%	n.m.	0 or 50,000 RSP
Abv $500,000 to $750,000					
Nil	–	–	–	–	–
Abv $250,000 to $500,000					
Pang Hee Hon	67%	19%	14%	n.m.	0 to 100,000 PSP[5] 0 or 70,000 RSP[5]
Tay Lim Heng[6]	35%	35%	30%	n.m.	0 or 30,000 RSP

4. On Keppel Land Limited share based compensation scheme.
5. On Keppel Telecommunications & Transportation Ltd share based compensation scheme.
6. Joined the Company on 15 June 2010.

Remuneration of employees who are immediate family members of a director or the Chief Executive Officer

No employee of the Company and its subsidiaries was an immediate family member of a director or the Chief Executive Officer and whose remuneration exceeded $150,000 during the financial year ended 31 December 2010. “Immediate family member” means the spouse, child, adopted child, step-child, brother, sister and parent.

Details of the KCL Share Option Scheme and KCL Share Plans

The KCL Share Option Scheme and the KCL Share Plans, which have been approved by shareholders of the Company, are administered by the RC. Please refer to pages 145, 146 and 169 to 172 of this Annual Report for details on the KCL Share Option Scheme and the KCL Share Plans.

ACCOUNTABILITY AND AUDIT

Principle 10:

The Board should present a balanced and understandable assessment of the Company’s performance, position and prospects

Principle 11:

Establishment of Audit Committee with written terms of reference

The board is responsible for providing a balanced and understandable assessment of the Company’s and Group’s performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators (if required). Management provides all members of the board with management accounts which present a balanced and understandable assessment of the company’s performance, position and prospects on a monthly basis.

The board has embraced openness and transparency in the conduct of the Company’s affairs, whilst preserving the commercial interests of the Company. Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXnet to the

SGX, press releases, the Company's website, and public webcast and media and analyst briefings. The Company's Summary Financial Report is sent to all shareholders and its Annual Report is available on request and accessible on the Company's website.

Management provides all members of the board with management accounts which present a balanced and understandable assessment of the Company's and Group's performance, position and prospects on a monthly basis. Such reports keep the board members informed of the Company's and Group's performance, position and prospects and consist of the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax and attributable profit by major divisions compared against the respective budgets, together with explanations for significant variances for the month and year-to-date.

Audit Committee

The Audit Committee comprises the following non-executive directors, all of whom are independent:

- Mr Lim Hock San
  Independent Chairman
- Mr Tony Chew Leong-Chee
  Independent Member
- Mrs Oon Kum Loon
  Independent Member
- Mr Alvin Yeo
  Independent Member
- Mr Danny Teoh[1]
  Independent Member

Mr Lim Hock San, Mrs Oon Kum Loon and Mr Danny Teoh have accounting and related financial management expertise and experience. The board considers Mr Tony Chew as having sufficient financial management knowledge and experience to discharge his responsibilities as a member of the Committee. Mr Alvin Yeo has in-depth knowledge of the responsibilities of the Audit Committee and practical experience and knowledge of the issues and considerations affecting the Committee from serving on the audit committee of other listed companies.

The Audit Committee's primary role is to assist the board to ensure integrity of financial reporting and that there is in place sound internal control systems. The Committee's terms of reference are set out on page 112 herein.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources (including access to external consultants) to enable it to discharge its functions properly. The Company has an internal audit team and together with the external auditors, report independently their findings and recommendations to the Audit Committee.

The Audit Committee met with the external auditors four times and with the internal auditors six times during the year, and at least one of these meetings was conducted without the presence of management.

During the year, the Audit Committee performed independent review of the financial statements of the Company before the announcement of the Company's quarterly and full-year results. In the process, the Committee reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials.

The Audit Committee also reviewed and approved both the Group internal auditor's and external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls of the Company. Such significant controls comprise financial, and operational and compliance controls. All audit findings and recommendations put up by the internal and the external auditors were forwarded to the Audit Committee. Significant issues were discussed at these meetings.

In addition, the Audit Committee undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence.

The Committee also reviewed the adequacy of the internal audit function and is satisfied that the team is adequately resourced and has appropriate standing within the Company. The Committee also reviewed the training costs and programmes attended by the internal audit to ensure that the staff continued to update their technical knowledge and auditing skills.

The Committee has reviewed the "**Keppel: Whistle-Blower Protection Policy**" (the "Policy") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place for the independent investigation

[1] Mr Danny Teoh was appointed as member of the Audit Committee on 1 December 2010.

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1_Dr Lee Boon Yang, Chairman of Keppel Corporation, visits the Group's various operations and facilities regularly to obtain updates.

2_Mr Sven Ullring, Chairman of the Board Safety Committee, undertook safety walkabouts to better understand the operations as well as share safety practices.

of such matters and for appropriate follow-up action. Following the launch of the Policy, a set of guidelines which was reviewed by the Audit Committee and approved by the board was issued to assist the Audit Committee in managing allegations of fraud or other misconduct which may be made pursuant to the Policy, so that:

- investigations are carried out in an appropriate and timely manner;
- administrative, disciplinary, civil and/or criminal actions that are initiated following completion of investigations, are appropriate, balanced, and fair; and
- action is taken to correct the weaknesses in the existing system of internal processes and policies which allowed the perpetration of the fraud and/or misconduct, and to prevent a recurrence.

On a quarterly basis, management reported to the Audit Committee the interested person transactions ("IPTs") in accordance with the Company's Shareholders' Mandate for IPT. The IPTs were reviewed by the internal auditors. All findings were reported during Audit Committee meetings.

INTERNAL CONTROLS AND RISK MANAGEMENT

Principle 12:

Sound system of internal controls

The Company's approach to risk management and internal control is set out in the "Operating and Financial Review" section on pages 84 to 93 of this Annual Report.

The Company's internal and external auditors conduct an annual review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the Audit Committee. The Audit Committee also reviews the effectiveness of the actions taken by management on the recommendations made by the internal and external auditors in this respect.

During the year, the Audit Committee reviewed the effectiveness of the Company's internal control system and was satisfied that the Company's internal control processes are adequate.

Board Risk Committee

The Board Risk Committee assists the board in examining the effectiveness of the Group's risk management system to ensure that a robust risk management system is maintained. The Committee reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, and discusses risk management strategies with management. The Committee reports to the Board on material findings and recommendations in respect of significant risk matters. The detailed terms of reference of this Committee are disclosed on page 112 herein.

The Board Risk Committee is made up of three independent directors (including the Chairman) and a non-executive director who is independent of management. Mrs Oon Kum Loon was appointed Chairman of the Committee because of her wealth of experience in the area of risk management. Prior to serving as Chief Financial Officer in the Development Bank of Singapore (DBS), she was the Managing Director & Head of Group Risk Management, responsible for the development and implementation of a group-wide integrated risk management framework for the DBS Group. Mrs Oon is a member of the Company's Audit Committee. Mr Lim Hock San, who is the Chairman of the Audit Committee, has in-depth knowledge and experience in finance accountancy, business and management and is the second member of the Board Risk Committee. The third member is Mr Tow Heng Tan who has deep management experience from his extensive business career spanning the management consultancy, investment banking and stock-broking industries. Mr Tow is currently the Chief Investment Officer of Temasek Holdings. The fourth member is Mr Alvin Yeo who is a Senior Partner in WongPartnership LLP, a leading law corporation in Singapore. Mr Yeo sits on the boards of several companies (listed and non-listed) and has in-depth knowledge and experience in the area of risk management.

INTERNAL AUDIT

Principle 13:

Independent internal audit function

The role of the internal auditors is to assist the Audit Committee to ensure that the Company maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the Audit Committee, and conducting regular in-depth audits of high risk areas. The Company's internal audit functions are serviced in-house ("Group Internal Audit").

Staffed by suitably qualified executives, Group Internal Audit has unrestricted direct access to the Audit Committee. The Head of Group Internal Audit's primary line of reporting is to the Chairman of the Audit Committee, although she reports administratively to the Chief Executive Officer of the Company.

As a corporate member of the Singapore branch of the Institute of

Internal Auditors Incorporated, USA ("IIA"), Group Internal Audit is guided by the International Standards for the Professional Practice of Internal Auditing set by the IIA. These standards consist of attribute and performance standards.

During the year, Group Internal Audit adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational and compliance controls. Audits were carried out on all significant business units in the Company, inclusive of limited review performed on dormant and inactive companies. All Group Internal Audit's reports are submitted to the Audit Committee for deliberation with copies of these reports extended to the Chairman, Chief Executive Officer and the relevant senior management officers. In addition, Group Internal Audit's summary of findings and recommendations are discussed at the Audit Committee meetings. To ensure timely and adequate closure of audit findings, the status of implementation of the actions agreed by management is tracked and discussed with the Committee.

COMMUNICATION WITH SHAREHOLDERS

Principle 14:

Regular, effective and fair communication with shareholders

Principle 15:

Greater shareholder participation at Annual General Meetings

In addition to the matters mentioned above in relation to "Access to Information/Accountability", the Company's Group Corporate Communications Department (with assistance from the Group Finance and Group Legal Departments, when required) regularly communicates with shareholders and receives and attends to their queries and concerns. Material information are disclosed in a comprehensive, accurate and timely manner via SGXnet and the press. To ensure a level playing field and provide confidence to shareholders, unpublished price-sensitive information are not selectively disclosed, and on the rare occasion when such information are inadvertently disclosed, they are immediately released to the public via SGXnet and the press.

Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

At shareholders' meetings, each distinct issue is proposed as a separate resolution.

The Chairmen of each board committee are required to be present to address questions at the Annual General Meeting. External auditors are also present at such meetings to assist the directors to address shareholders' queries, if necessary.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretary prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the board and management. These minutes are available to shareholders upon their requests.

SECURITIES TRANSACTIONS

Insider Trading Policy

The Company has a formal Insider Trading Policy and Disclosure of Dealings in Securities Policy on dealings in the securities of the Company and its listed subsidiaries, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to the Group's directors and officers. In compliance with Rule 1207(18) of the Listing Manual on best practices on dealing in securities, the Company issues circulars to its directors and officers informing that the Company and its officers must not deal in listed securities of the Company one month before the release of the full-year results and two weeks before the release of quarterly results, and if they are in possession of unpublished price-sensitive information.

APPENDIX

BOARD COMMITTEES – TERMS OF REFERENCE

A. Audit Committee

(1) Examine the effectiveness of the Group's internal control system, including financial, operational and compliance controls, to ensure that a sound system of internal controls is maintained.
(2) Review audit plans and reports of the external auditors and internal auditors, and consider the effectiveness of actions or policies taken by management on the recommendations and observations.
(3) Review financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, to ensure integrity of such statements and announcements.
(4) Review the independence and objectivity of the external auditors annually.
(5) Review the nature and extent of non-audit services performed by the auditors.
(6) Meet with external auditors and internal auditors, without the presence of management, at least annually.
(7) Make recommendations to the board on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor.
(8) Review the effectiveness of the Company's internal audit function.
(9) Ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, at least annually.
(10) Review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action.
(11) Review interested person transactions.
(12) Investigate any matters within the Audit Committee's purview, whenever it deems necessary.
(13) Report to the board on material matters, findings and recommendations.
(14) Perform such other functions as the board may determine.
(15) Sub-delegate any of its powers within its terms of reference as listed above from time to time as this Committee may deem fit.

B. Board Risk Committee

(1) Review and guide the Group in formulating its risk policies.
(2) Discuss risk mitigation strategies with management.
(3) Examine the effectiveness of the Group's risk management system to ensure that a robust risk management system is maintained.
(4) Review and guide in establishing a process to effectively identify, evaluate and manage significant risks.
(5) Review risk limits where applicable.
(6) Review the Group's risk profile periodically.
(7) Provide a forum for discussion on risk issues.
(8) Report to the board on material matters, findings and recommendations.
(9) Perform such other functions as the board may determine.
(10) Sub-delegate any of its powers within its terms of reference as listed above from time to time as this Committee may deem fit.

C. Nominating Committee

(1) Recommend to the board the appointment/re-appointment of directors.
(2) Annual review of skills required by the board, and the size of the board.

(3) Annual review of independence of each director, and to ensure that the board comprises at least one-third independent directors.
(4) Decide, where a director has multiple board representation, whether the director is able to and has been adequately carrying out his duties as director of the Company.
(5) Decide how the board's performance may be evaluated, and propose objective performance criteria to assess effectiveness of the board as a whole and the contribution of each director.
(6) Annual assessment of the effectiveness of the board as a whole and individual directors.
(7) Review succession and leadership development plans.
(8) To review and, if deemed fit, approve recommendations for nomination of candidates as nominee director (whether as chairman or member) to the board of directors of investee companies which are:
   (i) listed on the Singapore Exchange or any other stock exchange;
   (ii) managers or trustee-managers of any collective investment schemes, business trusts, or any other trusts which are listed on the Singapore Exchange or any other stock exchange; and
   (iii) parent companies of the Company's core businesses which are unlisted (that is, as at the date hereof, Keppel Offshore & Marine Ltd, Keppel Integrated Engineering Ltd, and Keppel Energy Pte Ltd),

   (hereinafter referred to as "Nominee Director Nominations").
(9) Sub-delegate any of its powers within its terms of reference as listed above, from time to time, as this Committee may deem fit.

D. Remuneration Committee

(1) Recommend to the board a framework of remuneration for board members and key executives, and the specific remuneration packages for each director and the chief executive officer (if the chief executive officer is not an executive director).
(2) Decide the early termination compensation (if any) of directors.
(3) Consider whether directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme)
(4) Review the terms, conditions and remuneration of the senior management.
(5) Administer the Company's employee share option scheme (the "KCL Share Option Scheme"), and the Company's Restricted Share Plan and Performance Share Plan (collectively, the "KCL Share Plans"), in accordance with the rules of the KCL Share Option Scheme and the KCL Share Plans.
(6) Grant awards under the KCL Share Plans as this Committee may deem fit.
(7) Sub-delegate any of its powers within its terms of reference as listed above, from time to time, as this Committee may deem fit.

Save that a member of this Committee shall not be involved in the deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him.

E. Board Safety Committee

(1) Review and examine the effectiveness of the Group companies' safety management system, including training and monitoring systems, to ensure that a robust safety management system is maintained.

Nature of Current Directors' Appointments and Membership on Board Committees

		Committee Membership				
Director	Board Membership	Audit	Nominating	Remuneration	Risk	Safety
Lee Boon Yang	Chairman	–	Member	Member	–	Member
Lim Hock San	Deputy Chairman	Chairman	–	Chairman	Member	–
Choo Chiau Beng	Chief Executive Officer	–	–	–	–	Member
Sven Bang Ullring	Independent	–	Member	Member	–	Chairman
Tony Chew Leong-Chee	Independent	Member	Chairman	–	–	–
Oon Kum Loon	Independent	Member	-	Member	Chairman	–
Tow Heng Tan	Non-Independent & Non-Executive	–	Member	Member	Member	–
Alvin Yeo Khirn Hai	Independent	Member	–	–	Member	–
Tan Ek Kia	Independent	–	Member	–	–	Member
Danny Teoh	Independent	Member	–	Member	–	–
Teo Soon Hoe	Executive Director & Group Finance Director	–	–	–	–	–
Tong Chong Heong	Executive Director	–	–	–	–	–

(2) Review and examine the Group companies' safety procedures against industry best practices, and monitor its implementation.
(3) Provide a discussion forum on developments and best practices in safety standards and practices, and the feasibility of implementing such developments and best practices.
(4) Assist in enhancing safety awareness and culture within the Group.
(5) Ensure that the safety functions in Group companies are adequately resourced (in terms of number, qualification, and budget) and has appropriate standing within the organisation.
(6) Consider management's proposals on safety-related matters.
(7) Carry out such investigations into safety-related matters as the Committee deems fit.
(8) Report to the board on material matters, findings and recommendations.
(9) Perform such other functions as the board may determine.
(10) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

BOARD ASSESSMENT

Evaluation Processes

Board

Each board member is required to complete a Board Evaluation Questionnaire and send the Questionnaire direct to the Independent Co-ordinator ("IC") within five working days. An "Explanatory Note'" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based on the returns from each of the directors, the IC prepares a consolidated report and briefs the Chairman of the Nominating Committee ("NC") and the Board Chairman on the report. Thereafter, the IC presents the report for discussion at a meeting of the non-executive directors ("NEDs"), chaired by the Board Chairman. The IC will thereafter present the report to the board together with the recommendations of the NEDs for discussion on the changes which should be made to help the board discharge its duties more effectively.

Individual Directors

The Board differentiates the assessment of an executive director from that of a non-executive director ("NED").

In the case of the assessment of the individual executive director, each NED is required to complete the executive director's assessment form and send the form directly to the IC within five working days. It is emphasised that the purpose of the assessment is to assess each of the executive directors on their respective performance on the board (as opposed to their respective executive performance). The executive directors are not required to perform a self, nor a peer, assessment. Based on the returns from each of the NEDs, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report for discussion at a NED meeting, chaired by the Board Chairman. The Chairman of the NC will thereafter meet with the executive directors individually to provide the necessary feedback on their respective board performance with a view to improving their board performance and shareholder value.

As for the assessment of the performance of the NEDs, each director (both NEDs and executive directors) is required to complete the NED's assessment form and send the form directly to the IC within five working days. Each NED is also required to perform a self-assessment in addition to a peer assessment. Based on the returns, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report for discussion at a meeting of the NEDs, chaired by the Board Chairman. The IC will thereafter present the report to the board together with the recommendations of the NEDs. The Chairman of the NC will thereafter meet with the NEDs individually to provide the necessary feedback on their respective board performance with a view to improving their board performance and shareholder value.

Chairman

The Chairman Evaluation Form is completed by each director (both non-executive and executive) and sent directly to the IC within five working days. Based on the returns, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report for discussion at a meeting of the NEDs, chaired by the Board Chairman. The IC will thereafter present the report to the board together with the recommendations of the NEDs.

PERFORMANCE CRITERIA

The performance criteria for the board evaluation are in respect of the board size and composition, board independence, board processes, board information and accountability, board performance in relation to discharging its principal functions, board committee performance in relation to discharging their responsibilities set out in their respective terms of reference, and financial targets which include return on capital employed, return on equity, debt/equity ratio, dividend pay-out ratio, economic value added, earnings per share, and total shareholder return (i.e. dividend plus share price increase over the year).

The individual director's performance criteria are categorised into five segments; namely, (1) interactive skills (under which factors as to whether the director works well with other directors, and participates actively are taken into account); (2) knowledge (under which factors as to the director's industry and business knowledge, functional expertise, whether he provides valuable inputs, his ability to analyse, communicate and contribute to the productivity of meetings, and his understanding of finance and accounts, are taken into consideration); (3) director's duties (under which factors as to the director's board committee work contribution, whether the director takes his role of director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgment, and meeting preparation are taken into consideration); (4) availability (under which the director's attendance at board and board committee meetings, whether he is available when needed, and his informal contribution via e-mail, telephone, written notes, etc are considered), and (5) overall contribution, bearing in mind that each director was appointed for his/her strength in certain areas which, taken together, provides the board with the required mix of skills and competencies.

The assessment of the Chairman of the board is based on his ability to lead, whether he established proper procedures to ensure the effective functioning of the board, whether he ensured that the time devoted to board meetings were appropriate (in terms of number of meetings held a year and duration of each board meeting) for effective discussion and decision making by the board, whether he ensured that information provided to the board was adequate (in terms of adequacy and timeliness) for the board to make informed and considered decisions, whether he guided discussions effectively so that there was timely resolution of issues, whether he ensured that meetings were conducted in a manner that facilitated open communication and meaningful participation, and whether he ensured that board committees were formed where appropriate, with clear terms of reference, to assist the board in the discharge of its duties and responsibilities.

Risk Management

Keppel's Business Continuity Management focuses on building the Group's resilience against events such as pandemic flu.

Bolstering risk management practices to support value creation and continuing excellence in an uncertain business environment.

The recovery from the global financial crisis in 2010 has been disproportionate, with numerous European countries facing severe problems simultaneously while the recovery of emerging countries is facing a slowdown with governments introducing measures to control inflation. The uncertainty over a sustained recovery in the US, lingering Eurozone debt concerns, rising commodity prices and interest rates in Asia, have continued to reinforce the importance of risk management.

Keppel's Enterprise Risk Management (ERM) framework provides a holistic and systematic approach in risk management to better prepare the Group to respond to uncertainties and leverage new business opportunities to maintain a competitive edge in doing our businesses. A robust risk management framework underpins the Group's overall business performance and operations. The ERM framework designed by our management provides a systematic approach in managing risks and to minimise surprises and losses that may occur arising from unexpected events. However, under an evolving landscape of uncertainties and vulnerabilities, risks can never be entirely eliminated.

ROBUST ENTERPRISE RISK MANAGEMENT

The Keppel Board of Directors (Board) has overall responsibility for risk oversight. The Board, assisted by the Board Risk Committee (BRC), is fully committed to a robust risk management system that safeguards and enhances stakeholders' interest. The terms of reference of the BRC are disclosed on page 112 of this Report.

Management's strong commitment in driving Group-wide risk management system and processes over the years has equipped the Group well to face the dynamic business environment and to capitalise on opportunities. Sound risk management policies, practices and guidelines provide a robust platform to prudently and effectively steer our business operations in today's challenging and uncertain macro-economic environment.

CULTURE OF RISK MANAGEMENT

Risk management is an integral part of strategic, operational and financial decision-making processes at all levels of the Group. Management identifies, evaluates, mitigates risks and discusses key risk issues with the Board periodically. A systematic and structured approach is adopted across all business units in the Group. The Group's key risks and appropriate mitigating measures taken are grouped under the following categories:-

Strategic

Strategic risk relates to the Company's business plans and strategies, including the risks associated with the countries and industries in which we operate, changing laws and regulations, acquisition and capital project investment, changing customer demand pattern, competitive threats, technology and product innovation.

To support the Group in executing its business strategies in sustaining growth, BRC guides the Group in the formulation and review of its risk policies, risk limits and effective risk management system. The Group's risk-related policies and limits are subject to periodic reviews to ensure that they continue to support business objectives, address business risks adequately and effectively, and take into consideration the prevailing business climate and risk appetite of the Group. Risk management is an integral part of the Group's strategic and budget review exercise, policy formulation and revision, project and investment evaluation, and management performance evaluation process.

Impact assessment and review of the Group's exposure to changing market situations, as well as stress testing analysis were carried out to enable informed decision making and timely mitigation actions. In addition, the continuous scanning and close monitoring of political, economic, regulatory issues and changing customers' demand patterns have enabled Management to have better insight on impeding developments in the span of countries where the Group operates.

The Group's investment decision process is guided by investment parameters instituted on a Group-wide basis. All investments are subject to due diligence processes and are independently evaluated by the Board and management to ensure that they are in line with the Group's strategic business focus, meet relevant hurdle rates of return, and take into consideration risk factors.

Operational

Operational risk relates to the effectiveness and efficiency of our people, integrity of internal control systems and processes and externalities that affect the day-to-day operations. It includes project tender and execution risks, unfavourable regulatory changes, tight labour situation, wide cost fluctuations, suppliers dependency, IT downtime, information security, catastrophic events, among others.

Operational risk management is integrated into the day-to-day business operations and projects across all business units to facilitate early risk detection for proactive management and control. Guidelines and tools are used to provide guidance in the identification, assessment, mitigation and monitoring of risks. Specific focus groups, comprising members from a spectrum of expertise, are established to manage and monitor specific risks. Where appropriate, this is supported by risk transfer mechanisms such as insurance and outsourcing, as well as joint ventures.

Financial

Financial risk relates to our ability to meet financial obligations and mitigate credit risks, liquidity risks, currency risks, interest rate risks and price risks. To manage these risks, the Group's policies and financial authority limits are reviewed periodically to incorporate changes in the operating and control environment. These policies set out the parameters for management of Group's foreign exchange exposures, loans and deposits, use of financial instruments and listed investments.

The Group has continued to place emphasis on improving financial discipline in cash and liquidity management. Formalised processes, which include counterparty evaluation and review against pre-established guidelines, have been established. For more details on the financial risk management, please see pages 89–90 of this Report.

SHARPENING COMPETITIVE EDGE

The Group has intensified its efforts to strengthen its risk-centric culture. Continuous education and regular communication through various forums and in-house publications on risk management related topics are integral in inculcating risk awareness and reinforce risk discipline among employees. In-house workshops are developed and conducted to train key personnel and management staff to increase awareness of the Group's risk management methodology and tools available in mitigating risks.

Embedding risk management in the performance evaluation process aims to raise risk accountability and reinforce a risk-centric culture in the Group.

ENHANCING OPERATIONAL READINESS

Business Continuity Management (BCM) increases the Group's resilience to potential business disruptions and minimise the impact of a crisis on business operations, people and assets. Emphasis is placed on establishing robust business continuity plans to ensure that the Group can respond seamlessly to external events while minimising operational disruptions.

The unusually severe storms, floods and harsh winter conditions in many parts of the world experienced in 2010 have awakened many to the impact of climate change. With operations around the world, the Group continues to scan for possible threats and establish plans to enhance operational preparedness.

During the year, the BCM focus was on building the Group's resilience against events such as pandemic flu, IT downtime and power outage. Various simulation exercises were conducted at business units and locations to enhance operational preparedness. These plans are tested and refined regularly to ensure that planned responses are effective.

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1_Evacuation drills are conducted regularly at the various yards around the world.

2_As part of the effort to raise risk awareness, quarterly talks are organised.

Environmental Protection

We aim to contribute towards a clean and sustainable urban living environment in all the communities where we operate.

Keppel Corporation is committed to operate its businesses in a manner that is environmentally responsible. Beyond supporting and championing green causes, we believe that incorporating environmentally responsible practices makes good business sense.

Mitigating environmental issues is a key concern for many of our businesses.

Our environmental engineering business is a leading player in the provision of waste-to-energy (WTE) and water treatment technologies. Our property business has expertise in developing integrated townships incorporating green elements. A key contributor to our energy business is a natural gas-fired co-generation plant, providing an efficient and clean energy source. We are also looking for opportunities in renewable energy such as offshore wind.

At the operational level, our businesses are continually seeking ways to use less energy, reduce wastage and emissions, and to recycle more. The Keppel Group will track, measure and manage its environmental performance in the areas of energy, water, waste and emissions.

For our initial efforts, we have focused on our operations in Singapore with the view to include our overseas operations in the future.

The reporting will include Keppel Offshore & Marine (Keppel O&M) (and its significant subsidiaries, Keppel FELS, Keppel Shipyard and Keppel Singmarine), Keppel Land, Keppel Integrated Engineering (KIE), Keppel Telecommunications & Transportation (Keppel T&T) and Keppel Energy.

2010 Quick fact

Waste

→ We recycled 91,598 tonnes of waste.

Key Eco Principles

Ecollaboration

Working with stakeholders, policy-makers and decision-makers to build a better future

Economy

Balancing commercial viability and environmental sustainability

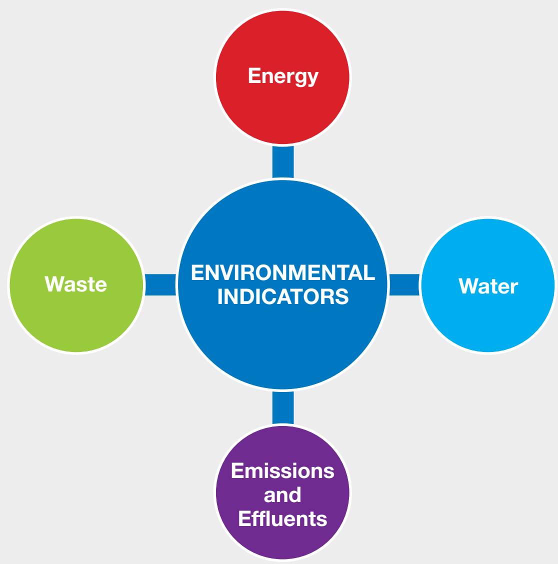
Ecommitment

Promoting environmental awareness and supporting green initiatives

Ecommunity

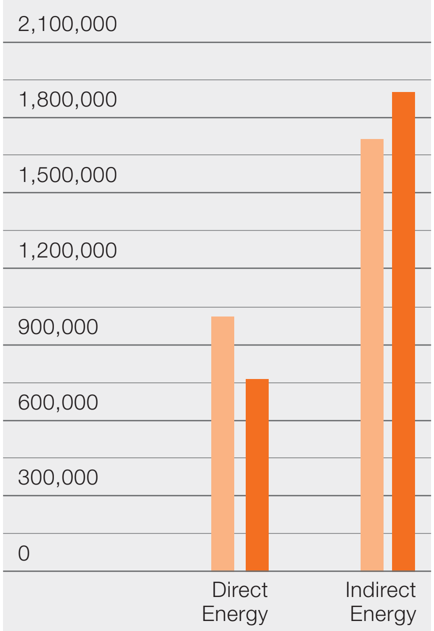
Creating sustainable developments for future generations

Keppel's Environmental Key Performance Indicators



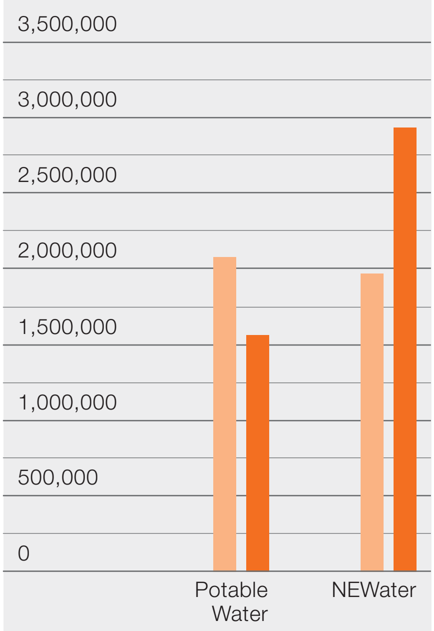
Keppel Group's Direct and Indirect Energy Consumption
(GJ)

	Direct Energy	Indirect Energy
2010	**753,985**	**1,905,497**
2009	1,002,906	1,717,831



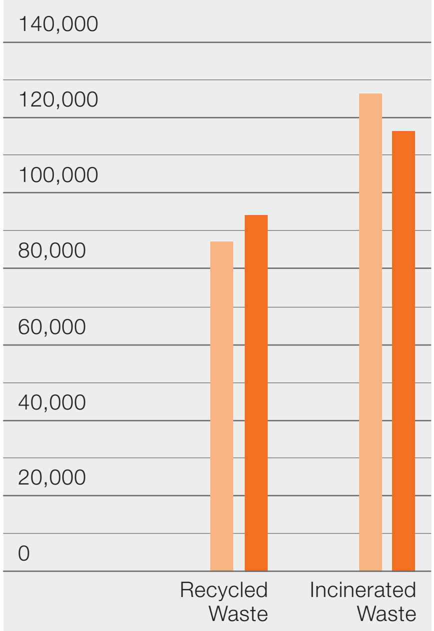
Keppel Group's Potable Water and NEWater Used
(m^3)

	Potable Water	NEWater
2010	**1,566,587**	**2,905,055**
2009	2,083,658	1,972,627



Keppel Group's Recycled and Incinerated Waste
(tonnes)

	Recycled Waste	Incinerated Waste
2010	**91,598**	**116,712**
2009 (estimated)	87,000	126,600



ENERGY[1,2,3]

Energy is a vital element in our businesses. As a Group with businesses in Offshore & Marine, Environmental Engineering, Power Generation, Logistics, Data Centres and Property, we depend heavily on both direct and indirect sources of energy to drive our businesses.

Liquid fuels, natural gases, liquefied petroleum gas and compressed natural gas are the major types of direct energy consumed by the Group. In 2010, the total amount of direct energy consumed by the Group, excluding Keppel Energy, were 753,985 GJ, compared to 1,002,906 GJ in 2009. The direct energy consumption was 25% lower due to a lower volume of work at our Offshore & Marine Division, and initiatives to improve energy efficiency. Keppel O&M was the most significant contributor to direct energy consumption after Keppel Energy.

The total amount of indirect energy or electricity consumed increased 11% from 1,717,831 GJ in 2009 to 1,905,497GJ in 2010.

Despite the increasing demand for energy as a result of expanding operations, the Group will be focusing on increasing energy efficiency through technical improvements, which includes the replacement of less efficient machines or equipment, and energy conservation initiatives.

The total amount of energy saved by the different business units in the Group through such initiatives in 2010 were 161,160 GJ or 44,766,666 kWH.

WATER[1]

Like energy, water is a vital resource for the Group. Not only does the Group's Offshore & Marine Division consume large volumes of potable and non-potable water, other subsidiaries, such as KIE and Keppel Energy, also use water for energy generation.

The Group's water consumption can be segmented into potable water, NEWater, both purchased from PUB, and recycled water. NEWater is reclaimed water produced by Singapore's Public Utilities Board. Specifically, it is treated wastewater that has been purified through advanced technologies such that it is potable and fit for industry use. The Group does not draw any water from ground or surface water sources directly.

For 2010, the Group used 1,566,587m^3 of potable water, 25% less compared to 2,083,658m^3 used in 2009.

The Group used 2,905,055m^3 of NEWater compared to 1,972,627m^3 used in 2009, registering an increase of 47%.

KIE's Senoko WTE plant is equipped with a wastewater treatment plant that treats the wastewater from the refuse. The treated water is subsequently used for general washing. In 2010, 56,133m^3 of water were recycled.

WASTE[2]

For 2010, a total of 91,598 tonnes of waste were recycled. This was an increase of approximately 5% compared to an estimated 87,000 tonnes of waste recycled in 2009. The waste recycled included metal, plastics, grits and papers which were materials used for the Group's operations. As a responsible company, Keppel Corporation is committed to promote more recycling and reusing efforts to reduce the amount of waste being disposed of.

In Singapore, all solid municipal waste that cannot be recycled is sent for incineration. The incinerated ash and other non-incinerable waste are then sent to Semakau Landfill. For 2010, across the Group, 116,712 tonnes of waste were sent for incineration, which was 8% lower than an estimated 126,600 tonnes of waste that were sent for incineration in 2009.

Chemical, oil, fuel spills are threats to our environment and severely affect the soil, water, air and biodiversity. For 2010, there were no reports of major spillage for the Group.

EMISSIONS AND EFFLUENTS[1,2,3]

Carbon Emissions

The emission of greenhouse gases (GHG) has a detrimental impact on the atmosphere. Governments, businesses, communities and individuals need to take responsibility for their own carbon footprint and minimise their GHG emissions.

Direct emissions occur from the assets that are owned or controlled by the Group. In 2010, the total direct carbon emission of the Group, excluding Keppel Energy, was 123,443 t-CO_2 , which registered an approximate 29% increase from 2009's carbon emission level of 95,619 t-CO_2.

Indirect emissions are from purchased electricity consumed by the Group. Other indirect emissions are a consequence of the activities of Keppel Group, which occur from sources not owned or controlled by Keppel.

In 2010, indirect emissions from the Group stood at 240,013 t-CO_2, registering 17% increase from 251,477 t-CO_2.

Other Emissions

Keppel Energy and KIE have kept their monthly average emissions of oxides of nitrogen and sulphur dioxides well below the limits of 700mg/Nm^3 and 500mg/Nm^3 as stipulated in the National Environment Agency's (NEA) Code on Pollution Control respectively.

Dust or particulate matter is also emitted from the stacks of KIE's WTE plants when refuse is being burnt. For 2010, the monthly average emission levels were 43mg/Nm^3 for KIE's Senoko WTE plant and 29 mg/Nm^3 for Keppel Seghers Tuas WTE plant, which were within NEA's emissions limits of 100mg/Nm^3.

There were no significant emissions of oxides of nitrogen, sulphur dioxide and other air emissions from our Offshore & Marine and Property divisions.

2010 Quick facts

Energy

→ We saved enough energy to power 115,676 four-room apartments for a month.

Water

→ 56,133m^3 of water were recycled by Keppel Group, which is equivalent to Singapore's monthly average water consumption for 2,900 four-room apartments.

1 The increase to indirect energy, NEWater used, direct and indirect carbon emissions were due mainly to the inclusion of new 2010 data from Senoko WTE and Keppel Seghers Tuas WTE plants, which were acquired and commenced operations respectively in late 2009.
2 For some business units, 2009 data for some aspects was unavailable. For the purposes of comparison, the 2009 data was assumed to be the same as 2010. Those assumptions represented 5% or lower of the consolidated figures at Group level, and are therefore unlikely to cause significant variance and are negligible.
3 Due to commercial sensitivity, Keppel Energy's direct energy consumption and direct carbon emission are not included in this Sustainability Report Highlights nor Keppel Corporation's *Sustainability Report 2010* to be published in June 2011.

Sustaining Growth

Product Excellence

Product and technology excellence as well as innovation are key to strengthening our core competencies and developing new growth drivers.

The Keppel Group is recognised for high quality products and services, and over the years, we have won numerous awards, testament to our commitment towards excellence.

Key business units in the Keppel Group are certified to ISO 9001, ISO 14001 and OHSAS 18001 standards, achieving the objectives of product quality, environmental protection and occupational health and safety (see table on page 127 on recent awards and certifications).

In the Offshore & Marine Division, Keppel FELS has developed propriety designs for jackups and semisubmersible rigs. The KFELS B class jackup rig and KFELS semisubmersible drilling tender (SSDT) have set benchmarks in the industry for their contributions towards sustainable operations, as well as to the safety and well-being of the rig crew.

In the Infrastructure business, the Group's high quality standards have led to contract awards to provide essential services in Singapore. In partnership with public sector agencies, Keppel Seghers operates a NEWater plant supplying recycled potable water and a waste-to-energy plant treating solid waste and generating energy.

In Property, Keppel Land has achieved 22 Green Mark Awards to-date for its environmentally conscious developments both in Singapore and abroad, as well as four FIABCI Prix d'Excellence Awards since 2006 for excellence in property development and management.

To stay in the forefront of technologies, the Keppel Group invests heavily in research and development. Keppel Offshore & Marine Technology Centre (KOMtech) and Keppel Environmental Technology Centre (KETC), the research arms of Keppel Offshore & Marine and Keppel Integrated Engineering (KIE) respectively, engage in product development, process improvement and knowledge management, to sustain market leadership and strengthen the business units for long-term growth. Ongoing research efforts in KOMtech include ice-resistant rigs for the Arctic, drilling systems and mini-LNG supply chain for associated gas.

The KFELS B Class design is the industry standard for efficient and high grade performance; to-date, more than 30 such units have been delivered for operations in various parts of the world.

CUSTOMER HEALTH AND SAFETY

The Group places great importance on the health and safety of customers who use Keppel's products and services. Much care and diligence are applied in the design, construction, and operation of our products and services to ensure that they are fit for their intended use and do not pose hazards to customers' health and safety.

Customers' health and safety impacts are constantly assessed over the products' life cycle stages, to help us seek further improvement. Policies, procedures and guidelines on the environment, health and safety are implemented and adhered to at all times.

For example, our KFELS SSDT is designed and constructed to facilitate emergency response operations, such as fire fighting and emergency evacuations. The SSDT has a large deck space, fixed equipment pathways, and dedicated life saving equipment. In an emergency situation, the rig can quickly move away from the drilling platform to a safe standby position.

Another case in point is Keppel Land's adoption of the "Design for Safety in Buildings and Structure Guidelines" for all its new projects. This is a safety management tool that requires design consultants to review the safety and health risks associated with their design at various stages of the project.

For infrastructure projects undertaken by KIE, the company adheres to a set of health and safety policies and procedures that provides guidance in the design, construction and operation of plants and facilities.

Procurement of materials and equipment are made with responsible and reputable vendors, taking into consideration the health and safety impacts during their useful life. Only authorised disposal companies are engaged to ensure proper disposal of hazardous waste.

CUSTOMER ENGAGEMENT

'Customer Focus' is one of the Group's eight core values. As such, our customers' feedback is valuable to us in our drive to continuously improve our products and services, vital for sustainable growth and long-term success. Mechanisms for customers to provide feedback are in place to assess and maintain customer satisfaction with our products and services.

Surveys are also conducted regularly to gather feedback and suggestions. For example, Keppel FELS conducts surveys once every four months, involving face-to-face interviews with customers. Other business units such as Keppel Energy, Keppel Shipyard and Keppel Telecommunications & Transportation also gather feedback on a regular basis for continuous service improvements. Keppel Land has established a Customer Focus Unit (CFU) since 1997, which is dedicated to meeting the needs of our homebuyers. Their feedback is obtained for the review and improvement of future projects. Regular events and activities are also organised to build rapport with homeowners and tenants.

COMPLIANCE

Keppel's products and services are designed, developed and delivered in compliance with relevant laws and regulations concerning health and safety. In 2010, the Group has not identified any non-compliance with laws, regulations and voluntary codes concerning the provision and use, including the health and safety impacts, of our products and services.

Moving into the future, the Keppel Group will remain focused on customer needs and exercise due care to ensure customers' health and safety while providing products and services stamped with our hallmark quality and excellence.

Marina at Keppel Bay is the first marina in Asia to be awarded the 5 Gold Anchors rating from the Marina Industries Association Australia and was named "Best Asian Marina 2010" at the Asia Boating Awards.

Awards and Certifications

OFFSHORE AND MARINE		
Keppel FELS	Shell Platform Rig of the Year Award	2010
	Offshore Yard Award	2010
	Singapore Quality Class Certification (SQC)	Since 2002
	Singapore Innovation Class Certification (I-Class)	Since 2004
	IES Prestigious Engineering Achievement Awards	2009
	Asean Outstanding Engineering Achievement Award	2009
	MAXA 2008 Award	2008
	ISO 9001 Certification	Since 1994
Keppel Shipyard	The Shipyard of the Year Award by Lloyds List	2010
	The Ship Repair Yard Award by Lloyds List	2009
	ISO 14001 Certification	Since 2004
	ISO 9001 Certification	Since 1996
INFRASTRUCTURE		
Keppel Seghers Engineering Singapore	ISO 9001, ISO 14001 and OHSAS 18001 Certification	Since 2009
Keppel Telecommunications & Transportation	Singapore Domestic Logistics Service Provider of the Year	2010
	Best Retail & Fast Moving Consumable Goods (Singapore)	2009
	Best Domestic Logistics Service Provider (Singapore)	2009
	ISO 13485 and GDPMDS	Since 2009
	ISO 14001, OHSAS 18001 Certification	Since 2002
	ISO 9001 Certification	Since 1993
PROPERTY		
Keppel Land	4 BCA Green Mark Awards (Total 22 awards to-date)	2010
	Euromoney Real Estate Awards – Best Office Developer in Singapore	2010 & 2009
	FIABCI Indonesia BNI Prix d'Excellence – Best Middle Class Residential Development (Jakarta Garden City)	2009
	4 FIABCI Prix d'Excellence Awards	Since 2006
	Best Asian Marina Award	2010
	Clean Marina Award	2008
	ISO 14001 Certification	Since 2008

List of awards and certifications are in relation to product excellence and are not exhaustive.

People Matters

Apart from a *Can Do!* spirit, Keppel employees display a strong sense of *esprit de corps*, and are bonded by our Group Vision, Mission and Core Values.

Keppel is committed to be an employer of choice. We value our employees and recognise their contributions towards achieving sustainable growth for the Group and creating value for our stakeholders.

With people as a core asset, Keppel continues to actively grow and enhance the capabilities of our global workforce and talent pools through the Keppel College leadership development programmes and training opportunities, while spurring them to achieve greater results through rewards and incentives.

We are also committed to a culture in which all employees strike a balance between work and play, and we constantly engage our employees through social and recreational interaction and family bonding activities. We continue to build trusting and harmonious working relations with our unions whom we see as a strategic partner in reaching out to our employees.

ENGAGING OUR EMPLOYEES

As part of the Group's efforts to identify areas for continuous improvement, the annual group-wide Organisational Climate Survey (OCS) was conducted in October 2010. The OCS collects feedback and views from our employees so that we can continue to review and refine our HR policies and programmes. This is the second year that the survey was rolled out across the Group.

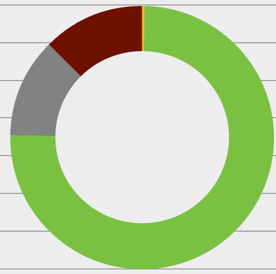
LEARNING & DEVELOPMENT

In 2010, we invested a total of $18.3 million in the training and development of our employees globally. Since 2004, Keppel has sponsored 269 employees from all levels as part of our Employee Development Scheme (EDS). 38 outstanding employees were sponsored under the EDS in 2010 to pursue further education.

We continued to adopt government initiatives such as the Skills Programme for Upgrading and Resilience (SPUR). In 2010, four in-house Keppel-SPUR courses were organised for a total of 68 participants. Besides skills development, bringing together staff from various business units under the SPUR courses helps in building bonds.

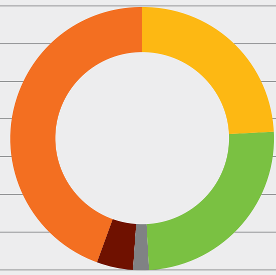
Manpower by Segment
(number)

Corporate Office	161
Offshore & Marine	27,567
Infrastructure	4,418
Property	4,572
Total	36,718



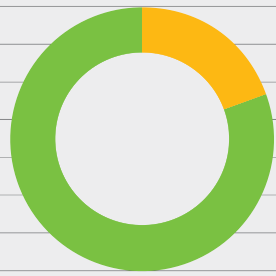
Manpower by Region
(number)

Americas	8,951
Asia	9,145
Europe	705
Middle East	1,652
Singapore	16,265
Total	36,718



Executives / Non-Executives
(number)

Executives	7,236
Non-executives	29,482
Total	36,718



Note:
The headcount figures in this table include associated companies where Keppel has management control.

ATTRACTING TALENT

In 2010, we continued our efforts to attract the best and brightest into the Group through scholarships and internships amongst other initiatives and recruitment exercises. Nine new scholars were inducted into the Keppel family at the Keppel Group Scholarship Awards Ceremony on 16 July 2010. They will be groomed for roles in the business units according to their aspirations and qualifications. To-date, we have awarded 176 Keppel Group Scholarships, and have 96 working scholars in various business units within the Group.

GRADUATES TRAINING PROGRAMME

Our new graduate hires undergo comprehensive development and training programmes which provide on-the-job training and exposure to various functional roles.

In Keppel Offshore & Marine (Keppel O&M), new graduate engineers undergo a two-year Management Traineeship Scheme (MTS) which has been accredited by internationally recognised professional membership body, the Institute of Marine Engineering, Science and Technology (IMarEST), since 2009. Upon completing the MTS, participants with the relevant academic qualifications and working experience can register as an Incorporated Engineer or Chartered Engineer with IMarEST. In 2010, Keppel O&M recruited 81 graduates, bringing its total MTS participants to 659 since its inception in 1986. Keppel Energy and Keppel Integrated Engineering also have similar MTS for new hires.

Keppel Land re-launched its Management Associate Programme (MAP) in 2010 to attract bright graduates. Three Management Associates were recruited and placed in a 12-month rotation programme to gain exposure through different functional roles.

TALENT MANAGEMENT

To manage talent in a systematic and structured way, a framework has been put in place that focuses on the topmost tier of the high potential and high performing talents, so that they can be fully developed and put in leadership positions. Various training platforms are planned for our talents which include overseas assignments, special projects and job rotations.

We recognise succession planning as a vital business imperative and have put in place an internal process of succession planning. Our succession plan today is closely linked to talent management to provide a dynamic closed-loop process. The synergy between the two programmes helps in recognising and building our pipeline of talents over the mid to long term.

Keppel College

Keppel College centralises the Group's programmes for leadership and executive development. Targeting three levels of talent – young leaders, middle management and senior management – Keppel College aims to Educate, Empower and Energise our talents so that they can Learn, Lead and Leap-frog to the next level of success. Courses such as the Global Young Leaders Programme and the Global Advanced Management Programme are customised in collaboration with the Nanyang Business School, with Keppel's talents from as far as Brazil, the Netherlands, Bulgaria, Azerbaijan and Norway participating in them. To-date, Keppel College has some 1,000 alumni.

Training and development programmes are also specially planned for new hires. Three Keppel Group Orientations were held in 2010 for 217 new members. The Group Orientations held during the year were enhanced by having the new hires go on site visits at the various business units to gain a better understanding of the Group's diverse businesses.

Mentors are assigned to help new hires and talents assimilate quickly into the Company's culture as well as facilitate knowledge transfer. To-date, the Mentoring Scheme has trained a total of 540 mentors.

Senior management is actively involved in talent development. They frequently meet and exchange views with our talents at various dialogue sessions and regular interactions such as TalenTime and Executive Chat! Series.

Keppel Young Leaders

As a seedbed to nurture high-potential employees, Keppel Young Leaders (Keppel YL) was inaugurated on 16 July 2010 to serve as a central platform to cultivate global mindsets, innovativeness and entrepreneurship. As an offshoot of Keppel's talent and succession management framework, Keppel YL aims to ensure a continuous stream of future leaders for Keppel. Members are given opportunities to champion and participate in high-impact projects and cross-border assignments beyond their regular job scope.

REWARDS & RECOGNITION

The annual performance review serves as a platform to assess employees' performance, formalise employees' development needs and career planning opportunities, as well as to ascertain employees' current estimated potential.

We advocate a pay-for-performance remuneration philosophy where rewards and incentives are guided by market competitiveness and performance orientation principles. Annual Performance Incentive (API) includes a bank mechanism where a portion of the earned API is deferred in the individual's bank for future payouts so as to encourage better performance in employees.

Apart from monetary rewards, we provide comprehensive benefits to

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1_Senior Management and key process owners are involved in the development of Keppel College programmes to drive talent development.

2_More than 2,000 Keppelites kicked into high gear with an energetic workout during the Keppel FELS ACTIVE Day which aims to remind people that work-life balance and a robust body and mind are very important.

employees such as leave entitlement, medical benefits and group insurance plans, taking into consideration industry practices and market norms. A total of 394 Keppelites from across the Group in Singapore received their Long Service Awards in 2010.

EMPLOYEE WELLNESS

With a holistic approach in promoting employee well-being, Keppel Corporation puts in place a framework that promotes healthy lifestyle and employee well-being through activities that strengthen bonding and work-life balance, such as wellness workshops and basic health check-ups.

The eighth run of the Keppel Games was organised over two months to provide a platform that will bring interaction amongst staff to another level and underscore the element of sportsmanship.

MANAGEMENT-UNION RELATIONS

Keppel's management sees the unions as a strategic partner in caring for our employees. Over the years, through constant dialogues and sharing, we have built harmonious working relations with our unions. In our business units, bargainable employees in Singapore are governed by their respective Collective Agreements (CAs). In 2010, Keppel Shipyard, jointly with Keppel Singmarine, Keppel Land and Keppel Logistics renewed their CAs with their respective unions.

BURSARIES

Every year, we make contributions to our co-operative and unions that go towards helping deserving members and their children in the pursuit of education. Under the Keppel FELS Co-operative Bursary & Education Grant, Keppel O&M awarded 43 Bursary Awards and 16 Education Grants in 2010, totalling $12,800.

Empowering Lives

Safety and Health

Keppel's Safety Training Centre provides core competency, safety leadership development programmes, and Workforce Skills Qualifications courses certified by the Singapore Workforce Development Agency.

Keppel is focused on ensuring a safe and healthy environment for everyone from employees to subcontractors and customers at our work sites.

Through investments in infrastructure, improvements in processes, training of our workforce and promotion of a safety culture, we aim to achieve zero incidents in all our business activities.

One of Keppel's core values, the safety of our employees and workplaces forms part of each business unit's key performance indicators and is an integral element of our business operations. As a Group, we invested over $23 million in 2010 on improving our safety systems and training our workforce.

We took another major step in our safety journey last year with the introduction of the Keppel Workplace Safety & Health (WSH) 2018 strategy. Keppel is the first company to launch a corporate initiative in line with the Singapore Government's WSH 2018 initiative.

MANAGEMENT AND SYSTEMS

Keppel Corporation established the Board Safety Committee (BSC) in 2006, the first by a listed company in Singapore, to review and develop safety policies across its multiple business units.

One of its first measures was to start all operational meetings with safety as the first agenda. To better understand the different operating environments, the BSC and senior management conduct numerous site visits in Singapore and overseas.

Keppel companies comply strictly with all applicable laws and regulations in the countries we operate in. In Singapore, we work closely with the Ministry of Manpower (MOM) and the Workplace Safety and Health Council (WSHC) to implement initiatives that help to raise safety standards within our industries.

With more than 600 subcontractors in our Singapore operations, we help to instil their workers with a strong commitment to safety and equip them with the necessary competencies to carry out their tasks safely.

Four Thrusts of the Keppel WSH 2018 strategy:

1. **Establish an Integrated WSH Framework across Businesses Worldwide**
   → Keppel has introduced a centralised electronic Global Incident Reporting System across the Group, to ensure timely updates of incidents and immediate corrective measures.

2. **Implement an Effective Safety Management System**
   → Individual business units will undergo a self assessment programme to develop a roadmap and identify the measures needed to improve their safety performance. Assessors from across the Group will be trained.

3. **Enhance Safety Ownership**
   → Keppel has rolled out an exchange programme where project leaders are attached to safety departments to better understand workplace safety management, so that they can apply the knowledge acquired in their regular duties.

4. **Strengthen Safety Partnerships**
   → Keppel will continue to support numerous industry, client and national campaigns and conferences.

Keppel management and union workers 'hand printing' their commitment to safety as part of the National Workplace Safety and Health campaign 2010.

5 KEY PRINCIPLES FOR SAFETY

If safety is expensive, disasters cost more

Passion for Health, Safety and Environment Excellence

Value Everyone's Safety

Zero Tolerance for Incidents

Recognise Safe Behaviours

Safety Starts With Me
Together We Care

SAFETY IN NUMBERS

The cumulative effect of Keppel's safety journey has seen its Accident Frequency Rate (AFR) improve from 0.43 reportable accidents for every million man-hours worked in 2009 to 0.33 in 2010. Our Accident Severity Rate (ASR) however, increased to 133 man-days lost per million man-hours worked in 2010 from 93 man-days lost in 2009, due to four fatalities in 2010.

We deeply regret the loss of these lives and have thoroughly investigated the causes, all of which involved falls from height. Efforts were stepped up to prevent future incidents and the lessons learnt were shared across the Group. We have introduced further stringent measures and increased awareness on height safety.

ALL HANDS ON DECK

Comprising employees, contractors and subcontractors who are represented in unions and councils across the Group, our workforce plays an important role in our efforts to achieve zero incidents. There are regular dialogues between management and unions as well as Collective Agreements that address health and safety issues, amongst others, for union members in various countries.

WORKPLACE RESPONSIBILITY

Safety practices are integrated in our work processes. In all our operations, there are daily safety briefings while regular walkthroughs of project sites are conducted to ensure full compliance with safety regulations as well as to identify and rectify any safety hazard.

High Impact Risk Activities (HIRA) require a special focus. Through efforts led by Keppel Shipyard, six HIRA were identified: height safety, confined space safety, lifting safety, fire safety, permit-to-work and electrical safety. A campaign was launched in 2010 to create awareness and increase scrutiny on HIRA at the workplace.

A buddy system was also introduced in 2009 where workers had to look out for each other at the workplace.

COMPETENCE

As a conglomerate with a workforce hailing from different cultures and countries, everyone has to undergo safety training to ensure alignment with the Company's safety policies.

In June 2010, we launched the Keppel Safety Training Centre which offers courses run by qualified instructors. Employing the latest technology, simulations and methodologies, the centre not only equips employees and subcontractors with relevant safety training and skill competencies but engages them in the Group's safety culture. In 2010, some 8,300 workers and subcontractors were trained at the centre.

Across the Group, each worker undergoes an average of some 20 hours of training in health and safety. Key courses include safety leadership, confined space training, height safety, electrical safety as well as fire safety.

CULTURE AND COMMUNICATION

Each stakeholder plays a part in building a strong safety culture by sharing their knowledge and experience as well as looking out for one another's well being.

The promotion of this safety culture is thus a key focus of senior management. Safety conventions and campaigns as well as a Group HSE newsletter help in encouraging and communicating safety as a way of life.

LEADERSHIP

One of the most effective ways to foster a safety culture is to lead by example. At Keppel, personnel in leadership positions attend training to learn how to be a safety leader regardless of their vocation.

We also aim to extend this leadership role beyond our companies, into our chosen industries. As a leader in safety, we participate in national and industry events, such as Singapore's first WSH conference and the International Association of Drilling Contractors Safety conference to share our experiences.

OCCUPATIONAL HEALTH

In addition to a safe environment, we also aim to protect and promote the health of our workforce. Workers have to undergo regular health checks and be certified fit before they can take on strenuous work.

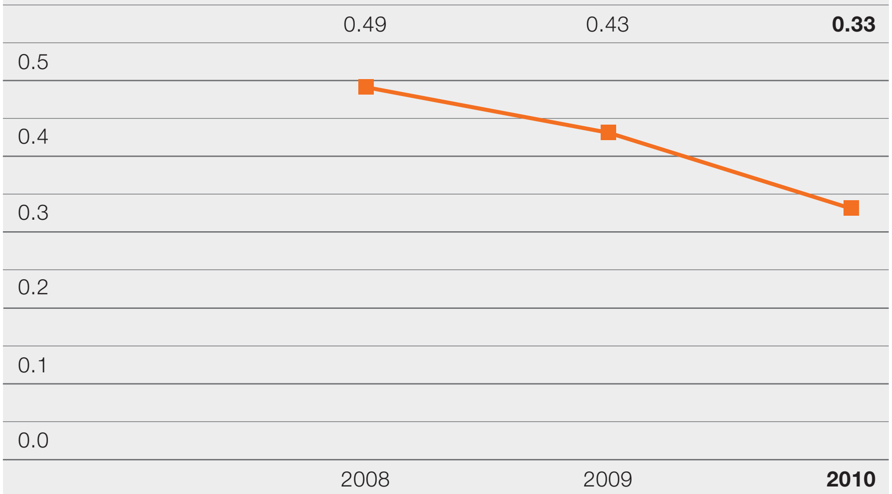
Other occupational health programmes include hearing conservation and respiratory protection system. Talks on AIDS awareness, malaria and dengue protection, cancer symptoms and nutritional diets were also conducted across the business units.

AWARDS AND ACCOLADES

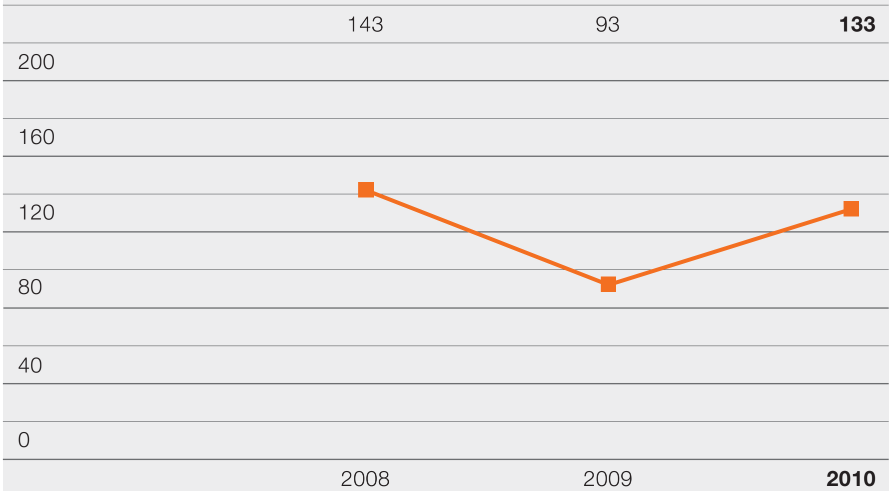
While safety is its own reward, recognition of safety efforts encourages vigilance and act as incentives. Awards and bonuses are given out to projects and individuals with exemplary records and performances by the business units as well as customers.

A testament to Keppel's safety commitment, these accolades spur us to maintain our vigilance in our safety journey. To attain our 2018 vision of ensuring that everyone at our workplace goes home safely, we will look to complete our safety assessment and extend our safety road map to all our operations and partners.

Cumulative Accident Frequency Rate – Keppel Group
(per million man-hours)



Cumulative Accident Severity Rate – Keppel Group
(man-days lost per million man-hours)



Community and Society

Keppel Nights, a ticket subsidy scheme, contributes towards the promotion of the arts to all levels of the community in Singapore.

Wherever we operate, Keppel is committed to seeking ways to contribute meaningfully to the development of our industries and the well-being of society and communities.

COMMUNITY ENGAGEMENT AND VOLUNTEERISM

As a global corporate citizen, Keppel believes that as communities thrive, we thrive. This is why we engage and nurture communities where our businesses are and support them in moving towards a sustainable future.

Keppel encourages its employees to become responsible citizens with a greater awareness and concern for the well-being of others. Since its inception in 2000, Keppel Volunteers has been spearheading regular activities that make meaningful contributions to local communities, social institutions and non-profit organisations. On a monthly basis, Keppel Volunteers runs activities in collaboration with Keppel's adopted charity, the Association for Persons with Special Needs (APSN).

In 2010, the activities included life-skills programmes for APSN students and visits to the Singapore Science Centre, the Singapore Airshow and the National Day Parade Preview.

Keppel Volunteers also organised the annual Keppel Group Blood Donation Drive which was held for four days at three venues across the Group's operations in Singapore. A record 485 packets of blood were collected over the Christmas season in 2010 when the Singapore blood bank experienced a shortage.

To help a larger group of beneficiaries and to attract more volunteers, Keppel Volunteers conducted a survey to understand volunteerism patterns within the Group. Since then, it has expanded its activities to include other programmes such as a monthly home maintenance programme with the Moral Senior Activity Centre. Keppel Volunteers also reached out to animal care by participating in the Society for the Prevention of Cruelty to Animals' flag day and Fun Run.

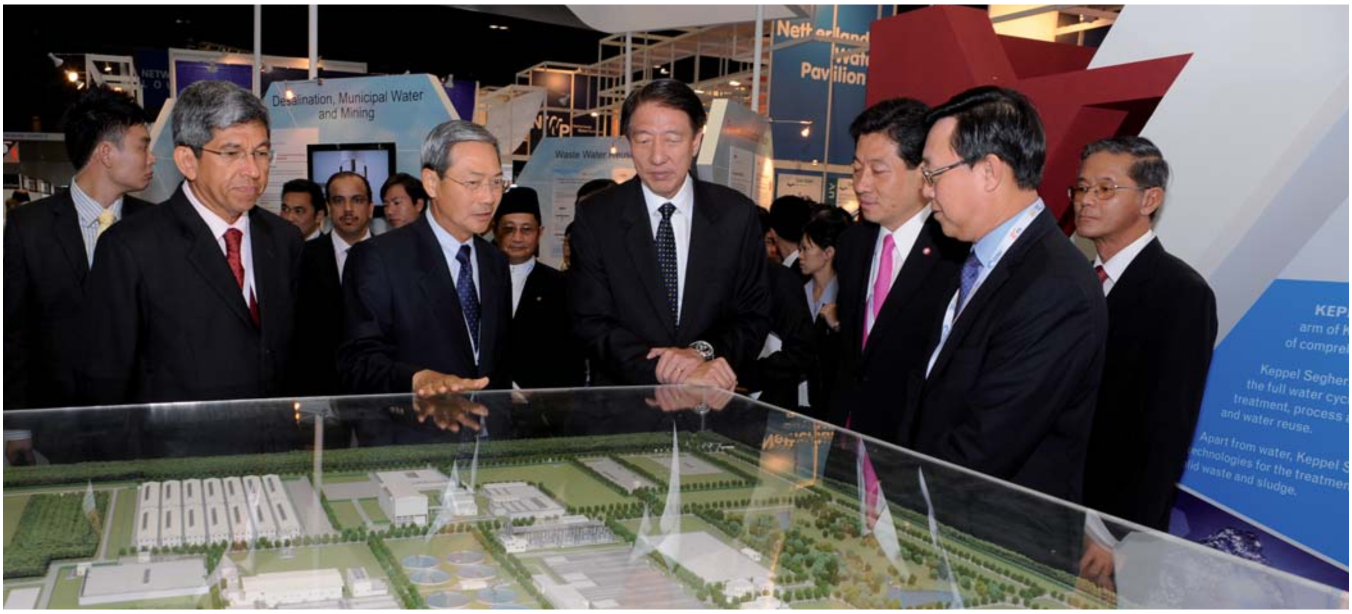
In Brazil, Keppel FELS Brasil mobilised a workboat and barge to help in the search and rescue operations in the 1 January landslide on Ilha Grande Island. Keppelites also donated basic necessities as well as helped in the distribution of the relief supplies. Volunteers from Batangas Shipyard in the Philippines also participated in the Alay Lakad project, an annual nationwide walk-for-a-cause event to raise scholarship funds for out-of-school youths.

INDUSTRY ENGAGEMENT

As a leading conglomerate with deep roots in Singapore, Keppel plays an active role in promoting the country and contributing to various national strategies and initiatives. Through our involvement in knowledge-building platforms and international conventions, we also help to engage our chosen industries and catalyse the exchange of ideas as well as potential collaborations.

In 2010, the Keppel Group supported several major events and initiatives that promote the development of our industries and showcase our Group strengths and Singapore to the world. A key highlight was the Singapore

The third annual Keppel Group Blood Donation Drive garnered a record 485 packets of blood.



1

International Water Week (SIWW), which serves as a platform to discuss the challenges of rapid urbanisation such as increasing demand for housing, water, food and basic services. At the SIWW in June 2010, Keppel Integrated Engineering (KIE) presented a showcase of their waste and water treatment technologies as well as district heating and cooling systems capabilities.

The inaugural Lee Kuan Yew World City Prize was presented during the World Cities Summit (WCS) which was held alongside SIWW in 2010. Keppel Group sponsored the prize of $300,000 and the gold medallion for this prestigious biennial award which recognises individuals and organisations that have made outstanding contributions to the creation of vibrant, liveable and sustainable urban communities around the world. Keppel Land highlighted its eco-township developments throughout the region at the WCS exhibition.

Keppel Offshore & Marine (Keppel O&M) supported various academic events to inspire study and research of its industry and create platforms to share insights and ideas.

The Chua Chor Teck Memorial Lecture, which commemorates the former Managing Director of Keppel Shipyard and a pioneer of Singapore's maritime industry, was a key highlight in 2010 which saw two runs of the Lecture. In January, Mr Sven Ullring, Board Director of Keppel Corporation and Chairman of the third Maritime Research & Development Advisory Panel for the Maritime & Port Authority of Singapore, shared his views on the Singapore maritime sector's unique competitive edge. In December, Professor Sir Eric Ash, former Rector of Imperial College (UK) and a member of the Keppel Technology Advisor Panel, spoke on the issues surrounding the use of nuclear energy in the maritime industry.

Keppel Corporation played host to the ASEAN Council on Petroleum Games in 2010, which saw the participation of teams from national oil companies across the ASEAN region. The Games aims to foster friendship and strengthen ties among industry players.

To support growing ties between Asia and Latin America, Keppel O&M was the strategic sponsor for the Latin Asia Business Forum 2010. Helmed by a set of distinguished panellists, the forum addressed issues such as investment and partnership opportunities as well as best business practices and strategies.

Keppel Group was a special sponsor for the inaugural China (Binhai Tianjin) International Eco-City Forum, which highlights the achievements in eco-city construction and the development of a low carbon economy in China. Dr Lee Boon Yang, Chairman of Keppel Corporation, spoke on the challenges of eco-urbanisation at the Forum while KIE and Keppel Land showcased their offerings for sustainable urban living at the Forum's Eco Expo.

Together with the National University of Singapore, Keppel Corporation jointly launched the book "*Why Am I Here?*", authored by Singapore's President, HE S R Nathan. The story of his experience (as Seamen's Welfare Officer in the mid 1950s) provides a glimpse into the struggles of Asian merchant seamen and their contributions to Singapore's development as a maritime nation.

2

1_Mr Teo Chee Hean, Singapore's Deputy Prime Minister and Minister for Defence (third from left) was briefed on the Group's broad portfolio of projects in environmental engineering and sustainable development by Dr Lee Boon Yang, Chairman of Keppel Corporation (second from left), as Dr Yaacob Ibrahim, Minister for the Environment and Water Resources (first from left), looked on.

2_Supporting the Earth Hour were Keppel employees and their families holding candles from ChaCha Cottage, an organisation which supports women in need.

GREEN ENDEAVOURS

The greening of our behaviour at home, work and play is crucial to the sustainability of our environment and the optimal use of limited resources. Keppel is committed to promote and pursue green endeavours to encourage our employees and the public to embrace a green lifestyle.

Sustaining their efforts since 2007, Keppel Volunteers divers continued to support the coral nursery project located in Pulau Semakau, Singapore. The divers shifted coral fragments from the nursery to a breakwater area and cleaned the corals to help them "breathe".

The Keppel Group rallied efforts both in Singapore and overseas to support Earth Hour on 27 March 2010. For one hour from 8.30pm to 9.30pm, it was lights out across our seven shipyards in Singapore, the Marina at Keppel Bay and the Ulu Pandan NEWater Plant. 32 of Keppel Land's developments across Asia also turned off non-essential lights and appliances, achieving estimated energy savings equivalent to what is needed to power a five-room flat for 7.7 months.

In the Netherlands, 100 Keppel Verolme employees became scooter commuters in an initiative to reduce car traffic on the highway to the Port of Rotterdam by at least 20%.

SHOWCASING SINGAPORE

An 80-strong contingent marched in Singapore's National Day Parade on 9 August 2010, in a proud display of Keppel's roots and its place as a leading home-grown conglomerate in the country. The contingent went through rigorous training over four months before the event.

Keppel supported the Clipper Round the World Yacht Race 2009-2010 and was the primary sponsor for the Singapore yacht, Uniquely Singapore, and host port sponsor for the Singapore stopover, together with the Singapore Tourism Board.

SUPPORTING WORTHWHILE CAUSES

As part of our wider Keppel Group programmes, we also contribute back to communities by raising funds for worthwhile initiatives.

With Keppel Corporation's $20,000 sponsorship of the Dover Park Hospice SUNday walk, APSN students showed their caring spirit for others by joining the walk with Keppel Volunteers.

For the second year running, Spring City Golf & Lake Resort in Kunming, China partnered a group of Singaporean doctors and nurses in a voluntary medical mission to perform cataract surgery on villagers who cannot afford medical treatment or are too weak to travel to the nearest town or city. To-date, the Resort has sponsored more than RMB200,000 with about 150 patients benefitting from this initiative.

In Shanghai, Keppel Land donated RMB500,000 to a relief fund rendering support to families affected by a local fire that set a 28-storey tower ablaze. The tower had been home to some 440 people in 156 households.

PROMOTING HEALTHY LIVING AND NURTURING THE ARTS

A regular winner of the Patron of the Arts award in Singapore, Keppel Corporation unveiled the enhanced Keppel Nights scheme in 2010, together with the Ministry of Information, Communications and the Arts. The new scheme opens up more opportunities for first-time attendees and those who cannot afford full-price tickets to enjoy performances, exhibitions and shows.

Introduced in 2008, Keppel Nights is Singapore's first ticket subsidy scheme to benefit and cultivate audiences for the arts. Since then, the scheme has supported about 150 events, offering 12,500 subsidised tickets and benefitting more than 11,000 people.

Keppel O&M continued its support as the title sponsor for the third SAFRA Keppel Quadthlon. The Quadthlon aims to provide participants with the exciting and distinct opportunity to experience a race where they will push their physical and mental abilities to the maximum.

Directors' Report & Financial Statements

CONTENTS

The Directors present their report together with the audited consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2010.

1. Directors

The Directors of the Company in office at the date of this report are:

Lee Boon Yang (Chairman)
Lim Hock San (Deputy Chairman)
Choo Chiau Beng (Chief Executive Officer)
Sven Bang Ullring
Tony Chew Leong-Chee
Oon Kum Loon (Mrs)
Tow Heng Tan
Alvin Yeo Khirn Hai
Tan Ek Kia (appointed on 1 October 2010)
Danny Teoh (appointed on 1 October 2010)
Teo Soon Hoe
Tong Chong Heong

2. Audit Committee

The Audit Committee of the Board of Directors comprises five independent Directors. Members of the Committee are:

Lim Hock San (Chairman)
Tony Chew Leong-Chee
Oon Kum Loon (Mrs)
Alvin Yeo Khirn Hai
Danny Teoh (appointed on 1 December 2010)

The Audit Committee carried out its function in accordance with the Companies Act, including the following:

- Review audit plans and reports of the Company's external auditors and internal auditors and consider effectiveness of actions/policies taken by management on the recommendations and observations;
- Review the assistance given by the Company's officers to the auditors;
- Independent review of quarterly financial reports and year-end financial statements;
- Examine effectiveness of financial, operating and compliance controls;
- Review the independence and objectivity of the external auditors annually;
- Review the nature and extent of non-audit services performed by auditors;
- Meet with external auditors and internal auditors, without the presence of management, at least annually;
- Ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, at least annually;
- Review interested person transactions; and
- Investigate any matters within the Audit Committee's term of reference, whenever it deems necessary.

The Audit Committee recommended to the Board of Directors the re-appointment of Deloitte & Touche LLP as auditors of the Company at the forthcoming Annual General Meeting.

3. Arrangements to enable directors to acquire shares and debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate other than the KCL Share Option Scheme, KCL Restricted Share Plan and KCL Performance Share Plan.

4. Directors' interest in shares and debentures

According to the Register of Directors' shareholdings kept by the Company for the purpose of Section 164 of the Companies Act, none of the Directors holding office at the end of the financial year had any interest in the shares and debentures of the Company and related corporations, except as follows:

	Holdings At		
	1.1.2010 or date of appointment, if later	31.12.2010	21.1.2011
Keppel Corporation Limited			
(Ordinary shares)			
Lee Boon Yang	-	20,000	20,000
Lim Hock San	6,000	9,000	9,000
Choo Chiau Beng	1,631,666	2,321,666	2,321,666
Choo Chiau Beng (deemed interest)	200,000	200,000	200,000
Sven Bang Ullring	82,000	99,000	99,000
Tony Chew Leong-Chee	6,000	9,000	9,000
Oon Kum Loon (Mrs)	46,000	49,000	49,000
Oon Kum Loon (Mrs) (deemed interest)	40,000	40,000	40,000
Tow Heng Tan	6,626	9,626	9,626
Tow Heng Tan (deemed interest)	26,172	26,172	26,172
Alvin Yeo Khirn Hai	-	1,750	1,750
Alvin Yeo Khirn Hai (deemed interest)	20,000	20,000	20,000
Teo Soon Hoe	3,628,332	4,088,332	4,088,332
Tong Chong Heong	1,499,582	1,659,582	1,659,582
(Share options)			
Choo Chiau Beng	2,150,000	1,770,000	1,770,000
Teo Soon Hoe	2,760,000	2,530,000	2,530,000
Tong Chong Heong	1,540,000	1,580,000	1,580,000
(Contingent award of restricted shares to be delivered after 2010) [1]			
Choo Chiau Beng	-	150,000	150,000
Teo Soon Hoe	-	100,000	100,000
Tong Chong Heong	-	90,000	90,000
(Contingent award of performance shares issued in 2010 to be delivered after 2012) [2]			
Choo Chiau Beng	-	300,000	300,000
Teo Soon Hoe	-	200,000	200,000
Tong Chong Heong	-	180,000	180,000
Keppel Land Limited			
(Ordinary shares)			
Choo Chiau Beng	100,000	102,204	102,204
Tony Chew Leong-Chee (deemed interest)	1,286,100	800,000	800,000
Tow Heng Tan (deemed interest)	95	95	95
Tan Ek Kia	-	114,000	114,000
Keppel Telecommunications & Transportation Ltd			
(Ordinary shares)			
Teo Soon Hoe	28,000	28,000	28,000

4. Directors' interest in shares and debentures (continued)

	Holdings At		
	1.1.2010 or date of appointment, if later	31.12.2010	21.1.2011
K-REIT Asia			
(Units)			
Lim Hock San	894,000	494,000	494,000
Choo Chiau Beng	-	2,635,000	2,635,000
Choo Chiau Beng (deemed interest)	2,635,000	-	-
Tow Heng Tan (deemed interest)	10	10	10
Alvin Yeo Khirn Hai (deemed interest)	250,000	250,000	250,000
Keppel Structured Notes Pte Limited			
(S$ Commodity Linked Guaranteed Note Series 1 due 2011)			
Teo Soon Hoe	$100,000	$100,000	$100,000
Keppel Philippines Holdings, Inc			
("B" shares of one Peso each)			
Choo Chiau Beng	2,000	2,000	2,000
Teo Soon Hoe	2,000	2,000	2,000

[1] Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could be zero or the number stated.

[2] Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could range from zero to 150% of the number stated.

5. Directors' receipt and entitlement to contractual benefits

Since the beginning of the financial year, no Director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the notes to the financial statements and salaries, bonuses and other benefits in their capacity as directors of the Company which are disclosed in the Corporate Governance Report.

6. Share options of the Company

Details of share options granted under the KCL Share Option Scheme ("Scheme") are disclosed in Note 3 to the financial statements.

Options to take up 8,079,000 Ordinary Shares ("Shares") were granted during the financial year. There were 11,017,200 Shares issued by virtue of exercise of options and options to take up 3,264,800 Shares were cancelled during the financial year. At the end of the financial year, there were 53,391,000 Shares under option as follows:

	Number of Share Options					
Date of grant	Balance at 1.1.2010 or later date of grant	Exercised	Cancelled	Balance at 31.12.2010	Exercise price*	Date of expiry
13.02.04	570,000	(570,000)	-	-	$2.78	12.02.14
12.08.04	760,000	(690,000)	-	70,000	$3.01	11.08.14
11.02.05	1,107,000	(762,000)	-	345,000	$4.19	10.02.15
11.08.05	2,208,000	(1,401,000)	-	807,000	$6.01	10.08.15
09.02.06	3,126,000	(1,685,000)	(1,000)	1,440,000	$6.16	08.02.16
10.08.06	5,407,500	(2,573,200)	(29,300)	2,805,000	$7.43	09.08.16
13.02.07	6,404,000	(1,244,000)	(338,000)	4,822,000	$8.90	12.02.17
10.08.07	7,280,000	-	(849,000)	6,431,000	$12.72	09.08.17
14.02.08	7,351,000	(688,000)	(453,000)	6,210,000	$9.73	13.02.18
14.08.08	8,373,000	(597,000)	(524,000)	7,252,000	$10.03	13.08.18
05.02.09	8,696,000	(692,000)	(502,000)	7,502,000	$3.81	04.02.19
06.08.09	8,311,500	(95,000)	(384,500)	7,832,000	$7.98	05.08.19
09.02.10	8,079,000	(20,000)	(184,000)	7,875,000	$8.01	08.02.20
	67,673,000	(11,017,200)	(3,264,800)	53,391,000		

* Adjusted for dividend in specie of K-Green Trust units

The information on Directors of the Company participating in the Scheme is as follows:

Name of Director	Options granted during the financial year	Aggregate options granted and adjusted since commencement of the Scheme to the end of financial year	Aggregate options exercised since commencement of the Scheme to the end of financial year	Aggregate options lapsed since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year
Choo Chiau Beng	310,000	5,430,000	3,086,250	573,750	1,770,000
Teo Soon Hoe	230,000	5,730,000	2,626,250	573,750	2,530,000
Tong Chong Heong	200,000	3,774,200	1,784,200	410,000	1,580,000

There are no options granted to any of the Company's controlling shareholders or their associates under the Scheme.

7. Share plans of the Company

The KCL Restricted Share Plan ("KCL RSP") and KCL Performance Share Plan ("KCL PSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010.

Details of share plans awarded under the KCL RSP and KCL PSP are disclosed in Note 3 to the financial statements.

The number of contingent Shares granted was 3,796,500 under KCL RSP and 680,000 under KCL PSP during the financial year. No Share was released under the KCL RSP and KCL PSP during the financial year. 38,534 Shares under the KCL RSP were cancelled during the financial year. At the end of the financial year, there were 3,757,966 Shares under the KCL RSP and 680,000 Shares under the KCL PSP as follows:

	Number of Shares				
Date of grant	Balance at date of grant	Adjustment	Vested	Cancelled	Balance at 31.12.2010
KCL RSP					
30.06.10	3,796,500	-	-	(38,534)	3,757,966
KCL PSP					
30.06.10	680,000	-	-	-	680,000

The information on Directors of the Company participating in the KCL RSP and the KCL PSP is as follows:

Name of Director	Contingent awards granted during the financial year	Aggregate adjusted awards granted since commencement of plans to the end of financial year	Awards released during the financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
KCL RSP					
Choo Chiau Beng	150,000	150,000	-	-	150,000
Teo Soon Hoe	100,000	100,000	-	-	100,000
Tong Chong Heong	90,000	90,000	-	-	90,000
KCL PSP					
Choo Chiau Beng	300,000	300,000	-	-	300,000
Teo Soon Hoe	200,000	200,000	-	-	200,000
Tong Chong Heong	180,000	180,000	-	-	180,000

There are no contingent award of Shares granted to any of the Company's controlling shareholders or their associates under the KCL RSP and the KCL PSP.

Other than Choo Chiau Beng who received 760,000 or 6 percent of the aggregate of the total share options under the Scheme and contingent award of Shares under the KCL RSP and KCL PSP, no employee received 5 percent or more of the total number of share options and contingent award of Shares granted during the financial year.

8. Share options and share plans of subsidiaries

The particulars of share options and share plans of subsidiaries of the Company are as follows:

(a) Keppel Land Limited ("Keppel Land")

At the end of the financial year, there were 133,720,072 unissued shares of Keppel Land Limited under option. This comprised $300 million principal amount of 2.5% Convertible Bonds due 2013 at a conversion price of $5.58 per share, $500 million principal amount of 1.875% Convertible Bonds due 2015 at a conversion price of $6.72 per share and 5,551,871 options under the Keppel Land Share Option Scheme. In addition, there were 874,000 contingent shares granted under Keppel Land Restricted Share Plan and 656,000 contingent shares granted under Keppel Land Performance Share Plan at the end of the financial year. Details and terms of the options and share plans have been disclosed in the Directors' Report of Keppel Land Limited.

(b) Keppel Telecommunications & Transportation Ltd ("Keppel T&T")

At the end of the financial year, there were 1,822,000 unissued shares of Keppel Telecommunications & Transportation Ltd under option relating to Keppel T&T Share Option Scheme. In addition, there were 553,500 contingent shares granted under Keppel T&T Restricted Share Plan and 180,000 contingent shares granted under Keppel T&T Performance Share Plan at the end of the financial year. Details and terms of the options and share plans have been disclosed in the Directors' Report of Keppel Telecommunications & Transportation Ltd.

(c) K-REIT Asia Management Limited ("KRAM")

At the end of the financial year, there were 70,500 contingent K-REIT Asia units granted under KRAM Restricted Unit Plan and 108,000 contingent K-REIT Asia units granted under KRAM Performance Unit Plan. The grants will be settled in K-REIT Asia units owned by KRAM. Details and terms of the unit plans have been disclosed in the Directors' Report of Keppel Land Limited.

9. Auditors

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board

Choo Chiau Beng

Choo Chiau Beng
Chief Executive Officer

Teo Soon Hoe
Group Finance Director

Singapore, 22 February 2011

Statement by Directors

For the financial year ended 31 December 2010

We, CHOO CHIAU BENG and TEO SOON HOE being two Directors of Keppel Corporation Limited, do hereby state that in the opinion of the Directors, the financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 150 to 218 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

Choo Chiau Beng

Choo Chiau Beng
Chief Executive Officer

Teo Soon Hoe
Group Finance Director

Singapore, 22 February 2011

Independent Auditors' Report

to the Members of Keppel Corporation Limited

For the financial year ended 31 December 2010

Report on the Financial Statements

We have audited the accompanying financial statements of Keppel Corporation Limited ("Company") and its subsidiaries ("Group") which comprise the balance sheets of the Group and the Company as at 31 December 2010, the profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 150 to 218.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Public Accountants and Certified Public Accountants
Singapore

Chaly Mah Chee Kheong
Partner
Appointed on 28 April 2006

22 February 2011

Balance Sheets
As at 31 December 2010

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Share capital	3	**906,409**	832,908	**906,409**	832,908
Reserves	4	**5,833,377**	5,152,439	**3,783,517**	3,924,918
Share capital & reserves		**6,739,786**	5,985,347	**4,689,926**	4,757,826
Non-controlling interests		**2,984,097**	2,727,226	**-**	-
Capital employed		**9,723,883**	8,712,573	**4,689,926**	4,757,826
Represented by:					
Fixed assets	5	**2,243,150**	2,157,172	**5,120**	5,430
Investment properties	6	**3,207,539**	3,051,247	**-**	-
Subsidiaries	7	**-**	-	**3,580,409**	3,393,466
Associated companies	8	**3,606,723**	2,723,169	**55**	3,074
Investments	9	**299,896**	152,046	**-**	-
Long term receivables	10	**28,646**	547,665	**360**	584
Intangibles	11	**107,676**	90,118	**-**	-
		9,493,630	8,721,417	**3,585,944**	3,402,554
Current assets					
Stocks & work-in-progress in excess of related billings	12	**4,440,827**	3,178,182	**-**	-
Amounts due from:					
- subsidiaries	13	**-**	-	**1,732,273**	1,642,528
- associated companies	13	**305,162**	287,922	**2,575**	6,056
Debtors	14	**1,958,993**	1,727,099	**82,416**	103,575
Short term investments	15	**536,872**	456,515	**-**	-
Bank balances, deposits & cash	16	**4,245,990**	2,935,787	**207,073**	33,507
		11,487,844	8,585,505	**2,024,337**	1,785,666
Current liabilities					
Creditors	17	**4,342,963**	4,051,972	**138,435**	132,302
Billings on work-in-progress in excess of related costs	12	**1,638,193**	1,683,392	**-**	-
Provisions	18	**83,586**	68,856	**-**	-
Amounts due to:					
- subsidiaries	13	**-**	-	**241,792**	265,546
- associated companies	13	**180,609**	168,186	**-**	-
Term loans	19	**391,764**	839,117	**9,047**	-
Taxation	27	**484,699**	450,951	**26,147**	27,169
Bank overdrafts	20	**736**	1,668	**-**	-
		7,122,550	7,264,142	**415,421**	425,017
Net current assets		**4,365,294**	1,321,363	**1,608,916**	1,360,649
Non-current liabilities					
Term loans	19	**3,675,968**	918,410	**500,000**	-
Deferred taxation	21	**459,073**	411,797	**4,934**	5,377
		4,135,041	1,330,207	**504,934**	5,377
Net assets		**9,723,883**	8,712,573	**4,689,926**	4,757,826

See accompanying notes to the financial statements.

Consolidated Profit and Loss Account

For the financial year ended 31 December 2010

	Note	2010 $'000	2009 $'000
Revenue	22	**9,782,922**	12,247,121
Materials and subcontract costs		**(6,210,898)**	(8,808,751)
Staff costs	23	**(1,367,077)**	(1,372,405)
Depreciation and amortisation		**(188,633)**	(174,313)
Other operating expenses		**(259,820)**	(386,861)
Operating profit	24	**1,756,494**	1,504,791
Investment income	25	**7,946**	5,101
Interest income	25	**111,350**	73,676
Interest expenses	25	**(64,701)**	(49,675)
Share of results of associated companies	8	**215,249**	321,683
Profit before tax and exceptional items		**2,026,338**	1,855,576
Exceptional items	26	**661,101**	322,130
Profit before taxation		**2,687,439**	2,177,706
Taxation	27	**(580,632)**	(347,875)
Profit for the year		**2,106,807**	1,829,831
Attributable to:			
Shareholders of the Company			
Profit before exceptional items		**1,419,052**	1,264,611
Exceptional items	26	**203,932**	360,506
		1,622,984	1,625,117
Non-controlling interests		**483,823**	204,714
		2,106,807	1,829,831
Earnings per ordinary share	28		
Before exceptional items			
- basic		**88.7 cts**	79.4 cts
- diluted		**88.1 cts**	79.2 cts
After exceptional items			
- basic		**101.5 cts**	102.0 cts
- diluted		**100.7 cts**	101.8 cts
Gross dividend per ordinary share	29		
Interim dividend paid		**16.0 cts**	15.0 cts
Final dividend proposed		**26.0 cts**	23.0 cts
Special dividend in specie		**-**	23.0 cts
Total distribution		**42.0 cts**	61.0 cts

See accompanying notes to the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2010

	2010 $'000	2009 $'000
Profit for the year	**2,106,807**	1,829,831
Available-for-sale assets		
- Fair value changes arising during the year	**130,996**	139,760
- Realised & transferred to profit and loss account	**1,663**	66,405
Cash flow hedges		
- Fair value changes arising during the year, net of tax	**(1,247)**	207,336
- Realised & transferred to profit and loss account	**(47,508)**	247
Foreign exchange translation		
- Exchange difference arising during the year	**(100,559)**	(144,436)
- Realised & transferred to profit and loss account	**10,013**	23,505
Share of other comprehensive income of associated companies	**3,133**	(20,832)
Other comprehensive income for the year, net of tax	**(3,509)**	271,985
Total comprehensive income for the year	**2,103,298**	2,101,816
Attributable to:		
Shareholders of the Company	**1,659,042**	1,943,492
Non-controlling interests	**444,256**	158,324
	2,103,298	2,101,816

See accompanying notes to the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2010

	Attributable to equity holders of the Company						
	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Capital Employed $'000
Group							
2010							
As at 1 January	**832,908**	**540,289**	**4,695,478**	**(83,328)**	**5,985,347**	**2,727,226**	**8,712,573**
Total comprehensive income for the year							
Profit for the year	**-**	**-**	**1,622,984**	**-**	**1,622,984**	**483,823**	**2,106,807**
Other comprehensive income	**-**	**91,717**	**-**	**(55,659)**	**36,058**	**(39,567)**	**(3,509)**
Total comprehensive income for the year	**-**	**91,717**	**1,622,984**	**(55,659)**	**1,659,042**	**444,256**	**2,103,298**
Transactions with equity holders, recorded directly in equity							
Dividend paid	**-**	**-**	**(991,006)**	**-**	**(991,006)**	**-**	**(991,006)**
Share-based payment	**-**	**36,633**	**-**	**-**	**36,633**	**1,608**	**38,241**
Transfer of statutory, capital and other reserves to revenue reserves	**-**	**(345)**	**441**	**(96)**	**-**	**-**	**-**
Dividend paid to non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**(129,580)**	**(129,580)**
Cash subscribed by non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**5,091**	**5,091**
Disposal to non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**282**	**282**
Acquisition of subsidiary	**-**	**-**	**-**	**-**	**-**	**16,973**	**16,973**
Acquisition of additional interest in subsidiaries	**-**	**(20,987)**	**(9,060)**	**-**	**(30,047)**	**(96,987)**	**(127,034)**
Equity component of convertible bond issued by a subsidiary	**-**	**6,317**	**-**	**-**	**6,317**	**5,733**	**12,050**
Other adjustments	**-**	**-**	**(1)**	**-**	**(1)**	**9,495**	**9,494**
Shares issued	**73,501**	**-**	**-**	**-**	**73,501**	**-**	**73,501**
Total transactions with equity holders	**73,501**	**21,618**	**(999,626)**	**(96)**	**(904,603)**	**(187,385)**	**(1,091,988)**
As at 31 December	**906,409**	**653,624**	**5,318,836**	**(139,083)**	**6,739,786**	**2,984,097**	**9,723,883**

See accompanying notes to the financial statements.

Statements of Changes in Equity

	Attributable to equity holders of the Company						
	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Capital Employed $'000
Group							
2009							
As at 1 January	824,571	127,345	3,643,141	1,119	4,596,176	2,152,331	6,748,507
Total comprehensive income for the year							
Profit for the year	-	-	1,625,117	-	1,625,117	204,714	1,829,831
Other comprehensive income	-	402,819	-	(84,444)	318,375	(46,390)	271,985
Total comprehensive income for the year	-	402,819	1,625,117	(84,444)	1,943,492	158,324	2,101,816
Transactions with equity holders, recorded directly in equity							
Dividend paid	-	-	(573,562)	-	(573,562)	-	(573,562)
Share-based payment	-	22,672	-	-	22,672	1,142	23,814
Transfer of statutory, capital and other reserves to revenue reserves	-	(1,572)	1,575	(3)	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	(87,136)	(87,136)
Cash subscribed by non-controlling shareholders	-	-	-	-	-	510,224	510,224
Acquisition of additional interest in subsidiaries	-	(11,116)	-	-	(11,116)	(3,065)	(14,181)
Other adjustments	-	141	(793)	-	(652)	(4,594)	(5,246)
Shares issued	8,337	-	-	-	8,337	-	8,337
Total transactions with equity holders	8,337	10,125	(572,780)	(3)	(554,321)	416,571	(137,750)
As at 31 December	832,908	540,289	4,695,478	(83,328)	5,985,347	2,727,226	8,712,573

See accompanying notes to the financial statements.

	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Capital Employed $'000
Company				
2010				
As at 1 January	**832,908**	**91,555**	**3,833,363**	**4,757,826**
Profit/Total comprehensive income for the year	**-**	**-**	**815,140**	**815,140**
Transactions with equity holders, recorded directly in equity				
Dividend paid	**-**	**-**	**(991,006)**	**(991,006)**
Share-based payment	**-**	**34,465**	**-**	**34,465**
Shares issued	**73,501**	**-**	**-**	**73,501**
Total transactions with equity holders	**73,501**	**34,465**	**(991,006)**	**(883,040)**
As at 31 December	**906,409**	**126,020**	**3,657,497**	**4,689,926**
2009				
As at 1 January	824,571	70,042	2,250,226	3,144,839
Profit/Total comprehensive income for the year	-	-	2,156,699	2,156,699
Transactions with equity holders, recorded directly in equity				
Dividend paid	-	-	(573,562)	(573,562)
Share-based payment	-	21,513	-	21,513
Shares issued	8,337	-	-	8,337
Total transactions with equity holders	8,337	21,513	(573,562)	(543,712)
As at 31 December	832,908	91,555	3,833,363	4,757,826

See accompanying notes to the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2010

	Note	2010 $'000	2009 $'000
Operating activities			
Operating profit		**1,756,494**	1,504,791
Adjustments:			
Depreciation and amortisation		**188,633**	174,313
Share-based payment expenses		**38,437**	23,682
(Profit)/loss on sale of fixed assets and investment properties		**(4,949)**	5,781
Impairment of assets		**10,715**	-
Operational cash flow before changes in working capital		**1,989,330**	1,708,567
Working capital changes:			
Stocks & work-in-progress		**(794,558)**	(1,066,070)
Debtors		**(292,304)**	183,639
Creditors		**(65,033)**	235,389
Investments in bonds and shares		**(71,646)**	41,610
Intangibles		**(5,256)**	-
Advances to associated companies		**928**	(225,378)
Translation of foreign subsidiaries		**(73,660)**	(79,593)
		687,801	798,164
Interest received		**112,888**	70,315
Interest paid		**(57,223)**	(52,183)
Income taxes paid, net of refunds received		**(293,226)**	(146,148)
Net cash from operating activities		**450,240**	670,148
Investing activities			
Acquisition of subsidiary and business	A	**(49,184)**	(529,434)
Acquisition and further investment in associated companies		**(343,788)**	(212,395)
Acquisition of fixed assets and investment properties		**(873,073)**	(475,797)
Disposal of subsidiaries	B	**-**	-
Proceeds from disposal of interest in a subsidiary		**16,281**	-
Return of capital from associated company		**300,000**	-
Proceeds from disposal of associated companies		**3,165**	1,465,767
Proceeds from disposal of fixed assets and investment properties		**58,430**	48,936
Dividend received from investments and associated companies		**245,119**	130,282
Net cash (used in)/from investing activities		**(643,050)**	427,359
Financing activities			
Proceeds from share issues		**73,501**	8,337
Proceeds from non-controlling shareholders of subsidiaries		**5,091**	510,224
Proceeds from term loans		**3,221,224**	196,658
Repayment of term loans		**(921,644)**	(431,184)
Acquisition of additional shares in subsidiaries		**(117,464)**	(3,814)
Dividend paid to shareholders of the Company		**(627,183)**	(573,562)
Dividend paid to non-controlling shareholders of subsidiaries		**(129,580)**	(87,136)
Net cash from/(used in) financing activities		**1,503,945**	(380,477)
Net increase in cash and cash equivalents		**1,311,135**	717,030
Cash and cash equivalents as at 1 January		**2,934,119**	2,217,089
Cash and cash equivalents as at 31 December	C	**4,245,254**	2,934,119

See accompanying notes to the financial statements.

Notes to Consolidated Statement of Cash Flows

		2010 $'000	2009 $'000
A.	**Acquisition of Subsidiary and Business**		
	During the financial year, the fair values of net assets of subsidiary and business acquired were as follows:		
	Fixed assets	**123,536**	143,507
	Investments	**185**	-
	Long term receivables	**120**	-
	Stocks & work-in-progress	**8,425**	161
	Debtors	**20,764**	463,546
	Bank balances and cash	**16,643**	12,842
	Creditors	**(25,679)**	(13,752)
	Amounts due to associated companies	**(494)**	-
	Taxation	**(415)**	-
	Term loans	**(10,625)**	(70,935)
	Deferred taxation	**-**	(9,765)
	Non-controlling interests	**(16,973)**	-
		115,487	525,604
	Goodwill on consolidation (Note 11)	**10,560**	24,615
	Amount previously accounted for as associated company	**(42,689)**	-
	Purchase consideration	**83,358**	550,219
	Less: Purchase consideration payable	**(17,531)**	(7,943)
	Less: Bank balances and cash acquired	**(16,643)**	(12,842)
	Cash flow on acquisition net of cash acquired	**49,184**	529,434
B.	**Disposal of Subsidiaries**		
	During the financial year, the fair values of net assets of subsidiaries disposed were as follows:		
	Fixed assets	**(1,007)**	-
	Long term receivables	**(589,440)**	-
	Stocks & work-in-progress	**(14,538)**	-
	Debtors	**(86,376)**	-
	Bank balances and cash	**(57,949)**	-
	Creditors	**21,492**	-
	Taxation	**1,782**	-
	Deferred taxation	**12,659**	-
		(713,377)	-
	Amount accounted for as associated company	**349,552**	-
	Amount accounted for as advance from associated company	**(57,947)**	-
	Distribution of dividend in specie (less expenses)	**363,823**	-
	Add: Bank balances and cash disposed	**57,949**	-
	Cash flow on disposal net of cash disposed	**-**	-

C. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

	2010 $'000	2009 $'000
Bank balances, deposits and cash (Note 16)	**4,245,990**	2,935,787
Bank overdrafts (Note 20)	**(736)**	(1,668)
	4,245,254	2,934,119

See accompanying notes to the financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of its principal place of business and registered office is 1 HarbourFront Avenue #18-01, Keppel Bay Tower, Singapore 098632.

The Company's principal activity is that of an investment holding and management company.

The principal activities of the companies in the Group consist of:

- offshore oil-rig construction, shipbuilding & shiprepair and conversion;
- environmental engineering, power generation, logistics and data centres;
- property development & investment and property fund management; and
- investments.

There has been no significant change in the nature of these principal activities during the financial year.

The financial statements of the Group for the financial year ended 31 December 2010 and the balance sheet and statement of changes in equity of the Company at 31 December 2010 were authorised for issue in accordance with a resolution of the Board of Directors on 22 February 2011.

2. Significant acounting policies

(a) Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Adoption of New and Revised Standards

In the current year, the Group adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2010. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS and INT FRS that are relevant to the Group:

Amendments to FRS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
INT FRS 117	Distributions of Non-Cash Assets to Owners
INT FRS 118	Transfer of Assets from Customers
FRS 27 (Revised)	Consolidated and Separate Financial Statements
FRS 103 (Revised)	Business Combinations

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on these financial statements.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries as at the balance sheet date.

The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated financial statements from their respective dates of acquisition or disposal. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Acquisition of subsidiaries is accounted for using the purchase method. The cost of an acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are recognised in profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

On a transaction-by-transaction basis, the measurement of non-controlling interests (previously referred to as 'minority' interests) is either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree.

Contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss.

2. Significant acounting policies (continued)

(c) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Profits or losses on disposal of fixed assets are included in the profit and loss account.

Depreciation of fixed assets is calculated on a straight-line basis to write off the cost of the fixed assets over their estimated useful lives. No depreciation is provided on freehold land and capital work-in-progress. The estimated useful lives of other fixed assets are as follows:

Freehold buildings	30 to 50 years
Leasehold land & buildings	Over period of lease (ranging from 2 to 80 years)
Vessels & floating docks	10 to 20 years
Plant, machinery & equipment	1 to 30 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

(d) Investment Properties

Investment properties are initially recognised at cost and subsequently measured at fair value, determined annually by independent professional valuers. Changes in fair value are recognised in the profit and loss account.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the profit and loss account.

(e) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Investments in subsidiaries are stated in the Company's financial statements at cost less any impairment losses. On disposal of a subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is taken to the profit and loss account.

(f) Associated Companies

An associated company is an entity, not being a subsidiary, over which the Group has significant influence, but not control, in the operating and financial policy decisions.

Investments in associated companies are stated in the Company's financial statements at cost less any impairment losses. On disposal of an associated company, the difference between net disposal proceeds and the carrying amount of the investment is taken to the profit and loss account.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting whereby the Group's share of profit or loss of the associated company is included in the profit and loss account and the Group's share of net assets of the associated company is included in the balance sheet.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

(g) Intangibles

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any impairment losses. If the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Other Intangible Assets

Intangible assets include development expenditure and customer contracts. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight line basis over their useful lives, ranging from 5 to 17 years.

(h) Investments

Investments are classified as held for trading or available-for-sale. Investments acquired for the purpose of selling in the short term are classified as held for trading. Other investments held by the Group are classified as available-for-sale.

Investments are recognised and derecognised on the trade date where the purchase or sale of an investment is under a contract whose terms required delivery of investment within the timeframe established by the market concerned.

Investments are initially measured at fair value plus transaction costs except for investments held for trading, which are recognised at fair value.

For investments held for trading, gains and losses arising from changes in fair value are included in the profit and loss account.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the profit and loss account.

The fair value of investments that are traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price is the current bid prices. The fair value of investments that are not traded in an active market is determined using valuation techniques. Such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies and discounted cash flow analysis.

(i) Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account.

For cash flow hedges, the effective portion of the gains or losses on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in the profit and loss account. Amounts taken to other comprehensive income are reclassified to the profit and loss account when the hedged transaction affects profit or loss.

The fair value of forward foreign currency contracts is determined using forward exchange market rates at the balance sheet date. The fair value of High Sulphur Fuel Oil ("HSFO") forward contracts is determined using forward HSFO prices provided by the Group's key counterparty. The fair value of interest rate caps and interest rate swaps are based on valuations provided by the Group's bankers.

2. Significant acounting policies (continued)

(j) Financial Assets

Financial assets include cash and bank balances, trade, intercompany and other receivables and investments. Trade, intercompany and other receivables are stated at their fair values as reduced by appropriate allowances for estimated irrecoverable amounts.

(k) Stocks & Work-in-Progress

Stocks, consumable materials and supplies are stated at the lower of cost and net realisable value, cost being principally determined on the weighted average method.

Work-in-progress is stated at the lower of cost (comprising direct labour, material costs, direct expenses and an appropriate allocation of production overheads) and net realisable value, which is arrived at after providing for anticipated losses, if any, when the possibility of loss is ascertained.

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overhead expenditure and interest incurred during the period of construction.

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overheads expenditure, and financing charges incurred during the period of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property. Upon receipt of temporary occupation permits, they are transferred to completed properties held for sale.

Each property under development is accounted for as a separate project. Where a project comprises more than one component or phase with a separate temporary occupation permit, each component or phase is treated as a separate project, and interest and other net costs are apportioned accordingly.

Progress claims made against work-in-progress are offset against the cost of work-in-progress and the profits recognised on partly completed long-term contracts less any provision required to reduce cost to estimated realisable value.

(l) Impairment of Assets

Financial Assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognised an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor and default or significant delay in payments are objective evidence that the financial assets are impaired. The carrying amount of these assets is reduced through the use of an allowance account and the loss is recognised in the profit and loss account. When the asset becomes uncollectible, the carrying amount is written off against the allowance account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively measured, the previously recognised impairment loss is reversed to the extent that the carrying amount does not exceed the amortised cost had no impairment been recognised in the prior periods. The amount of reversal is recognised in the profit and loss account.

Investments

Significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account are not reversed through the profit and loss account until the investment is disposed of.

Goodwill
Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill included in the carrying amount of an associated company is tested for impairment as part of the investment.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

An impairment loss is recognised in the profit and loss account when the carrying amount of the cash-generating unit, including goodwill, exceeds the recoverable amount of the cash-generating unit. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating units and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Other Non-Financial Assets
Tangible and intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for cash-generating unit to which the asset belongs.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of an asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as impairment loss in the profit and loss account. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the profit and loss account.

(m) Financial Liabilities and Equity Instruments

Financial liabilities include trade, intercompany and other payables, bank loans and overdrafts. Trade, intercompany and other payables are stated at their fair values. Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit and loss account over the period of the borrowings using the effective interest method.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2. Significant acounting policies (continued)

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provision for warranties is set up upon completion of a contract to cover the estimated liability which may arise during the warranty period. This provision is based on service history. Any surplus of provision will be written back at the end of the warranty period while additional provisions where necessary are made when known. These liabilities are expected to be incurred over the applicable warranty periods.

Provision for claims is made for the estimated cost of all claims notified but not settled at the balance sheet date, less recoveries, using the information available at the time. Provision is also made for claims incurred but not reported at the balance sheet date based on historical claims experience, modified for variations in expected future settlement. The utilisation of provisions is dependent on the timing of claims.

(o) Leases

When a group company is the lessee

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss account. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from lessor) are taken to the profit and loss account on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When a group company is the lessor

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at fair values. Rental income (net of any incentive given to lessee) is recognised on a straight-line basis over the lease term.

(p) Revenue

Revenue consists of:

– Revenue recognised on contracts, under the percentage of completion method when the outcome of the contract can be estimated reliably;
– Invoiced value of goods and services;
– Rental income from investment properties; and
– Investment income, interest and fee income.

(q) Revenue Recognition

Revenue from rigbuildings, shipbuildings and repairs, and long term engineering contracts is recognised based on the percentage of completion method in proportion to the stage of completion, provided that the work is at least 20% complete and the outcome of such work can be reliably estimated. The percentage of completion is measured by reference to the percentage of the physical proportion of the contract work completed as determined by engineers' estimates. Provision is made where applicable for anticipated losses on contracts in progress.

Revenue recognition on partly completed properties held for sale is based on the percentage of completion method as follows:

– For Singapore trading properties under development, the profit recognition upon the signing of sales contracts is 20% of the total estimated profit attributable to the actual contracts signed. Subsequent recognition of profit is based on the stage of physical completion;

– For overseas trading properties under development, the profit recognition upon the signing of sales contracts is the direct proportion of total expected project profit attributable to the actual sales contract signed, but only to the extent that it relates to the stage of physical completion; and

– In respect of large residential property projects, income recognition is applied by phases.

When losses are expected, full provision is made in the accounts after adequate allowance has been made for estimated costs to completion. Any expenditure incurred on abortive projects is written off in the profit and loss account.

Revenue from the sale of products is recognised upon shipment to customers and collectibility of the related receivables is reasonably assured. Sales are stated net of goods and services tax and sales returns.

Revenue from the rendering of services including electricity supply and logistic services is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be performed.

Rental income from operating leases on investment properties are recognised on a straight-line basis over the lease term.

Dividend income from investments is recognised when the right to receive payment is established, and in the case of fixed interest bearing investments, on a time proportion basis using the effective interest method.

Interest income is recognised on a time proportion basis using the effective interest method.

(r) Borrowing Costs

Borrowing costs incurred to finance the development of properties are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are taken to the profit and loss account over the period of borrowing using the effective interest rate method.

2. Significant acounting policies (continued)

(s) Employee Benefits

Defined Contribution Plan

The Group makes contributions to pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Contributions to pension schemes are recognised as an expense in the period in which the related service is performed.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

Share Option Scheme and Share Plans

The Group operates share-based compensation plans. The fair value of the employee services received in exchange for the grant of options, restricted shares and performance shares is recognised as an expense in the profit and loss account with a corresponding increase in the share option and share plan reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the options, restricted shares and performance shares granted on the respective dates of grant.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable and share plan awards that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share option and share plan reserve over the remaining vesting period.

No expense is recognised for options or share plan awards that do not ultimately vest, except for options or share plan awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The proceeds received from the exercise of options are credited to share capital when the options are exercised. When share plan awards are released, the share plan reserve is transferred to share capital if new shares are issued.

(t) Income Taxes

Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation, valuation of investment properties, unremitted offshore income and future tax benefits from certain provisions not allowed for tax purposes until a later period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit and loss account, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over cost.

(u) Foreign Currencies

Functional Currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency").

The financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Singapore Dollars, which is the functional currency of the Company.

Foreign Currency Transactions

Transactions in foreign currencies are translated at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at exchange rates approximating those ruling at that date. Exchange differences arising from translation of monetary assets and liabilities are taken to the profit and loss account. Exchange differences on non-monetary items such as investments held for trading are reported as part of the fair value gain or loss. Exchange differences on non-monetary items such as available-for-sale investments are also recognised in other comprehensive income.

Foreign Currency Translation

For inclusion in the Group's financial statements, the assets and liabilities of foreign subsidiaries and associated companies that are in functional currencies other than Singapore Dollars are translated into Singapore Dollars at the exchange rates ruling at the balance sheet date. The trading results of foreign subsidiaries and associated companies are translated into Singapore Dollars using the average exchange rates for the financial year. Exchange differences due to such currency translation are recognised in other comprehensive income and accumulated in a separate component of equity. Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as non-monetary foreign currency assets and liabilities of the acquirer and recorded at the closing exchange rate.

(v) Critical Accounting Estimates and Judgements

(i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that there is no instance of application of judgements which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a loan and receivable is impaired. The Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of trade, intercompany and other receivables are disclosed in the balance sheet.

2. Significant acounting policies (continued)

Impairment of available-for-sale investments
The Group follows the guidance of FRS 39 in determining whether available-for-sale investments are considered impaired. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health of and the near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The fair values of available-for-sale investments are disclosed in the balance sheet.

Impairment of non-financial assets
Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of fixed assets, investment properties and intangibles are disclosed in the balance sheet.

Revenue recognition
The Group recognises contract revenue based on the stage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2(q). Significant assumption is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 22.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

Income taxes
The Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

Claims, litigations and reviews
The Group entered into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgement as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

3. Share capital

	Group and Company	
	2010 **$'000**	2009 $'000
Ordinary Shares ("Shares")		
Issued and paid up:		
Balance 1 January		
1,594,496,680 Shares (2009: 1,593,134,180 Shares)	**832,908**	824,571
Issued during the financial year		
11,017,200 Shares (2009: 1,362,500 Shares)	**73,501**	8,337
Balance 31 December		
1,605,513,880 Shares (2009: 1,594,496,680 Shares)	**906,409**	832,908

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends declared by the Company.

During the financial year, the Company issued 11,017,200 Shares for cash upon exercise of options under the KCL Share Option Scheme. This comprised 570,000 Shares at $3.01 per Share, 690,000 Shares at $3.24 per Share, 448,000 Shares at $4.42 per Share, 314,000 Shares at $4.19 per Share, 972,000 Shares at $6.24 per Share, 429,000 Shares at $6.01 per Share, 1,200,000 Shares at $6.39 per Share, 485,000 Shares at $6.16 per Share, 1,632,200 Shares at $7.66 per Share, 941,000 Shares at $7.43 per Share, 333,000 Shares at $9.13 per Share, 911,000 Shares at $8.90 per Share, 688,000 Shares at $9.73 per Share, 597,000 Shares at $10.03 per Share, 96,000 Shares at $4.04 per Share, 596,000 Shares at $3.81 per Share, 53,000 Shares at $8.21 per Share, 42,000 Shares at $7.98 per Share, 4,000 Shares at $8.24 per Share and 16,000 Shares at $8.01 per Share.

KCL Share Option Scheme

The KCL Share Option Scheme ("Scheme"), which has been approved by the shareholders of the Company, is administered by the Remuneration Committee whose members are:

Lim Hock San (Chairman)
Lee Boon Yang
Sven Bang Ullring
Oon Kum Loon (Mrs)
Tow Heng Tan
Danny Teoh (appointed on 1 December 2010)

At the Extraordinary General Meeting of the Company held on 23 April 2010, the Company's shareholders approved the adoption of two new share plans, with effect from the date of termination of the Scheme. The Scheme was terminated on 30 June 2010. Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the Scheme.

Under the Scheme, an option may, except in certain special circumstances, be exercised at any time after two years but no later than the expiry date. The two-year vesting period is intended to encourage employees to take a longer-term view of the Company.

The Shares under option may be exercised in full or in respect of 100 Shares or a multiple thereof, on the payment of the subscription price. The subscription price is based on the average last done prices for the Shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of offer. The Remuneration Committee may at its discretion fix the subscription price at a discount not exceeding 20 percent to the above price. None of the options offered in the financial year was granted at a discount.

3. Share capital (continued)

To promote transparency, the Board of Directors had in 2002 resolved that the date of offer of share options under the Scheme shall be a pre-determined date; that is, the date falling 14 days immediately after the date of announcement of the Company's half-year or full-year results, as the case may be. The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company.

The employees to whom the options have been granted do not have the right to participate by virtue of the options in a share issue of any other company.

Movements in the number of share options and their weighted average exercise prices are as follows:

	2010		2009	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at 1 January	**59,594,000**	**^$8.15**	45,491,000	$9.23
Granted	**8,079,000**	**$8.01**	17,414,500	$6.04
Exercised	**(11,017,200)**	**$6.55**	(1,362,500)	$6.12
Cancelled	**(3,264,800)**	**$9.24**	(1,949,000)	$8.91
Balance at 31 December	**53,391,000**	**$8.40**	59,594,000	$8.38
Exercisable at 31 December	**30,561,000**	**$9.70**	28,056,500	$8.79

^ Weighted average exercise price adjusted for dividend in specie in K-Green Trust's units

The weighted average share price at the date of exercise for options exercised during the financial year was $9.84 (2009: $8.04). The options outstanding at the end of the financial year had a weighted average exercise price of $8.40 (2009: $8.38) and a weighted average remaining contractual life of 7.6 years (2009: 7.9 years).

On 9 February 2010, the Company granted 8,079,000 options under the KCL Share Option Scheme. The estimated fair value of the options granted is $1.97 per share. Options granted on 5 February 2009 and 6 August 2009 had estimated fair values of $0.64 per share and $1.98 per share respectively. These fair values are determined using the Black-Scholes pricing model. The significant inputs into the model are as follows:

	2010	2009	
Date of grant	**09.02.2010**	05.02.2009	06.08.2009
Prevailing share price at grant	**$8.24**	$4.04	$8.21
Exercise price	**$8.24**	$4.04	$8.21
Expected volatility	**42.98%**	41.43%	42.82%
Expected life	**4.0 years**	4.0 years	4.0 years
Risk free rate	**1.15%**	0.96%	0.97%
Expected dividend yield	**4.61%**	8.66%	4.38%

The expected volatility is determined by calculating the historical volatility of the Company's share price over the previous 4.0 years (2009: 4.0 years). The expected lives used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Details of share options granted by Keppel Land Limited and Keppel Telecommunications & Transportation Ltd, subsidiaries of the Company are disclosed in the annual reports of the respective publicly-listed subsidiaries.

KCL Share Plans

The KCL Restricted Share Plan ("KCL RSP") and KCL Performance Share Plan ("KCL PSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010. The two share plans are administered by the Remuneration Committee.

Details of the KCL RSP and the KCL PSP are as follows:

	KCL RSP	KCL PSP
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets at the end of a one-year performance period	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year performance period
Performance Conditions	Return on Equity	a) Economic Value Added b) Absolute Total Shareholder's Return c) Relative Total Shareholder's Return to MSCI Asia Pacific Ex-Japan Industrials Index (MXAPJIN)
Final Award	0% or 100% of the contingent award granted, depending on achievement of pre-determined targets	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	If pre-determined targets are achieved, awards will vest equally over three years subject to fulfillment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the three-year performance period subject to fulfillment of service requirements

Movements in the number of shares under the KCL RSP and the KCL PSP are as follows:

	2010	
	KCL RSP	**KCL PSP**
Balance at 1 January	**-**	**-**
Granted	**3,796,500**	**680,000**
Adjustment	**-**	**-**
Vested	**-**	**-**
Cancelled	**(38,534)**	**-**
Balance at 31 December	**3,757,966**	**680,000**

Executive Directors who are eligible for the KCL Share Plans are required to hold a minimum number of shares under the share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

At the end of the financial year, the number of contingent Shares granted but not released was 3,757,966 under the KCL RSP and 680,000 under the KCL PSP. Depending on the achievement of pre-determined performance targets, the actual number of Shares to be released could be zero or 3,757,966 under the KCL RSP and range from zero to a maximum of 1,020,000 under the KCL PSP.

3. Share capital (continued)

The fair values of the contingent award of shares under the KCL RSP and the KCL PSP are determined at the grant date using Monte Carlo simulation method which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility.

On 30 June 2010, the Company granted contingent awards of 3,796,500 shares under the KCL RSP and 680,000 shares under the KCL PSP. The estimated fair value of the shares granted ranges from $7.72 to $8.30 under the KCL RSP and amounts to $7.08 under the KCL PSP. The significant inputs into the model are as follows:

	2010	
	KCL RSP	**KCL PSP**
Date of grant	**30.06.2010**	**30.06.2010**
Prevailing share price at date of grant	**$8.51**	**$8.51**
Expected volatility:		
Company	**47.54%**	**47.54%**
MXAPJIN	**#**	**40.13%**
Correlation with MXAPJIN	**#**	**82.60%**
Expected term	**0.5 - 2.5 years**	**2.5 years**
Risk free rate	**0.42% - 0.53%**	**0.53%**
Expected dividend yield	*****	*****

This input is not required for the valuation of shares granted under the KCL RSP.
* Expected dividend yield is based on management's forecast.

The expected volatilities are based on the historical volatilities of the Company's share price and the MXAPJIN price over the previous 36 months immediately preceding the grant date. The expected term used in the model is based on the grant date and the end of the performance period.

Details of share plans granted by Keppel Land Limited and Keppel Telecommunications & Transportation Ltd, subsidiaries of the Company are disclosed in the annual reports of the respective publicly-listed subsidiaries.

4. Reserves

	Group		Company	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Capital Reserves				
Share option and share plan reserve	**137,410**	100,777	**126,020**	91,555
Fair value reserve	**370,162**	231,920	**-**	-
Hedging reserve	**95,474**	141,999	**-**	-
Bonus issue by subsidiaries	**40,000**	40,000	**-**	-
Others	**10,578**	25,593	**-**	-
	653,624	540,289	**126,020**	91,555
Revenue Reserves	**5,318,836**	4,695,478	**3,657,497**	3,833,363
Foreign Exchange Translation Account	**(139,083)**	(83,328)	**-**	-
	5,833,377	5,152,439	**3,783,517**	3,924,918

Movements in the Group's and the Company's reserves are set out in the Consolidated Statement of Comprehensive Income and Statement of Changes in Equity respectively.

5. Fixed assets

	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Vessels & Floating Docks $'000	Plant, Machinery & Equipment $'000	Capital Work-in-Progress $'000	Total $'000
Group						
2010						
Cost						
At 1 January	**54,337**	**1,333,783**	**233,049**	**1,855,079**	**278,232**	**3,754,480**
Additions	**147**	**30,454**	**48,017**	**52,817**	**99,405**	**230,840**
Disposals	**-**	**(2,573)**	**(22,797)**	**(20,062)**	**-**	**(45,432)**
Write-off	**(22)**	**(68)**	**-**	**(4,751)**	**(7,442)**	**(12,283)**
Subsidiary acquired	**68,377**	**3,762**	**44,033**	**60,517**	**-**	**176,689**
Subsidiaries disposed	**-**	**-**	**-**	**(1,239)**	**-**	**(1,239)**
Reclassification						
- Stocks	**-**	**-**	**-**	**(946)**	**-**	**(946)**
- Investment properties	**(676)**	**-**	**-**	**162**	**-**	**(514)**
- Other assets	**(92)**	**(7,615)**	**-**	**(30)**	**(945)**	**(8,682)**
- Other fixed assets categories	**606**	**16,100**	**21,247**	**71,480**	**(109,433)**	**-**
Exchange differences	**(1,119)**	**(20,137)**	**(2,907)**	**(21,652)**	**(3,419)**	**(49,234)**
At 31 December	**121,558**	**1,353,706**	**320,642**	**1,991,375**	**256,398**	**4,043,679**
Accumulated Depreciation & Impairment Losses						
At 1 January	**18,852**	**522,729**	**125,689**	**930,038**	**-**	**1,597,308**
Depreciation charge	**2,319**	**48,382**	**22,760**	**113,254**	**-**	**186,715**
Impairment loss (Note 26)	**-**	**10,319**	**-**	**17,453**	**-**	**27,772**
Disposals	**-**	**(1,742)**	**(11,532)**	**(16,839)**	**-**	**(30,113)**
Write-off	**(22)**	**(470)**	**(3,913)**	**(3,634)**	**-**	**(8,039)**
Subsidiary acquired	**13,254**	**2,539**	**10,522**	**26,838**	**-**	**53,153**
Subsidiaries disposed	**-**	**-**	**-**	**(232)**	**-**	**(232)**
Reclassification						
- Stocks	**-**	**-**	**-**	**178**	**-**	**178**
- Other assets	**(26)**	**(1,158)**	**-**	**(89)**	**-**	**(1,273)**
- Other fixed assets categories	**-**	**450**	**-**	**(450)**	**-**	**-**
Exchange differences	**(620)**	**(8,942)**	**(1,794)**	**(13,584)**	**-**	**(24,940)**
At 31 December	**33,757**	**572,107**	**141,732**	**1,052,933**	**-**	**1,800,529**
Net Book Value	**87,801**	**781,599**	**178,910**	**938,442**	**256,398**	**2,243,150**

5. Fixed assets (continued)

	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Vessels & Floating Docks $'000	Plant, Machinery & Equipment $'000	Capital Work-in-Progress $'000	Total $'000
Group						
2009						
Cost						
At 1 January	52,628	1,262,154	223,638	1,731,321	207,813	3,477,554
Additions	248	10,999	14,381	48,486	218,457	292,571
Disposals	(255)	(644)	(10,684)	(21,978)	(19,025)	(52,586)
Subsidiary acquired	-	15,213	-	132,300	30,683	178,196
Subsidiary disposed	(213)	-	-	(87,902)	-	(88,115)
Reclassification						
- Stocks	-	-	-	(827)	-	(827)
- Other assets	-	1,019	-	286	-	1,305
- Other fixed assets categories	2,118	72,695	4,105	75,443	(154,361)	-
Exchange differences	(189)	(27,653)	1,609	(22,050)	(5,335)	(53,618)
At 31 December	54,337	1,333,783	233,049	1,855,079	278,232	3,754,480
Accumulated Depreciation & Impairment Losses						
At 1 January	19,418	490,420	101,514	919,540	-	1,530,892
Depreciation charge	2,539	41,675	28,931	100,701	-	173,846
Impairment loss (Note 26)	-	655	-	-	-	655
Disposals	(165)	(155)	(2,443)	(17,932)	-	(20,695)
Subsidiary acquired	-	4,853	-	29,836	-	34,689
Subsidiary disposed	(213)	-	-	(87,902)	-	(88,115)
Reclassification						
- Stocks	-	-	-	130	-	130
- Other assets	-	287	-	157	-	444
- Other fixed assets categories	(2,460)	(197)	(2,411)	5,068	-	-
Exchange differences	(267)	(14,809)	98	(19,560)	-	(34,538)
At 31 December	18,852	522,729	125,689	930,038	-	1,597,308
Net Book Value	35,485	811,054	107,360	925,041	278,232	2,157,172

During the financial year, the Group recognised impairment losses of $27,772,000 (2009: $655,000) which relates to write-down of non-performing assets in the Offshore & Marine and Property divisions. These non-performing assets were fully written down.

Certain plant, machinery and equipment with carrying amount of $83,665,000 (2009: $14,322,000) are mortgaged to banks for loan facilities (Note 19).

	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Plant, Machinery & Equipment $'000	Total $'000
Company				
2010				
Cost				
At 1 January	**6,569**	**-**	**7,046**	**13,615**
Additions	**-**	**-**	**133**	**133**
Disposals	**-**	**-**	**(312)**	**(312)**
At 31 December	**6,569**	**-**	**6,867**	**13,436**
Accumulated Depreciation				
At 1 January	**1,752**	**-**	**6,433**	**8,185**
Depreciation charge	**41**	**-**	**298**	**339**
Disposals	**-**	**-**	**(208)**	**(208)**
At 31 December	**1,793**	**-**	**6,523**	**8,316**
Net Book Value	**4,776**	**-**	**344**	**5,120**
2009				
Cost				
At 1 January	6,542	484	6,952	13,978
Additions	27	-	417	444
Disposals	-	(484)	(323)	(807)
At 31 December	6,569	-	7,046	13,615
Accumulated Depreciation				
At 1 January	1,711	82	6,295	8,088
Depreciation charge	41	5	385	431
Disposals	-	(87)	(247)	(334)
At 31 December	1,752	-	6,433	8,185
Net Book Value	4,817	-	613	5,430

6. Investment properties

	Group 2010 $'000	Group 2009 $'000
At 1 January	**3,051,247**	3,029,675
Acquisition of properties	**379,891**	107,690
Development expenditure	**262,342**	75,536
Fair value gain/(loss) (Note 26)	**64,719**	(131,920)
Disposals	**(32,258)**	(19,458)
Write-off	**-**	(255)
Reclassification		
- Fixed assets	**514**	-
- Stocks	**(509,564)**	(21)
Exchange differences	**(9,352)**	(10,000)
At 31 December	**3,207,539**	3,051,247

The Group's investment properties (including integral plant and machinery) are stated at Directors' valuations based on the following valuations (open market value basis) by independent firms of professional valuers as at 31 December 2010:

- Colliers International Consultancy & Valuation (Singapore) Pte Ltd for properties in Singapore;
- Savills (Qld) Pty Limited and m3 Property Strategists for properties in Australia;
- CB Richard Ellis (Vietnam) Co. Ltd and Allied Appraisal Consultants Pte Ltd for properties in Vietnam; and
- KJPP Wilson & Rekan (an affiliate of Knight Frank) and KJPP Benny, Desmar & Rekan for properties in Indonesia.

Interest capitalised during the financial year amounted to $1,968,000 (2009: $1,992,000).

Certain investment properties with carrying amount of $2,024,600,000 (2009: $2,125,600,000) are mortgaged to banks for loan facilities (Note 19).

7. Subsidiaries

	Company 2010 $'000	Company 2009 $'000
Quoted shares, at cost		
Market value: $4,276,939,000 (2009: $3,243,780,000)	**1,788,191**	1,728,360
Unquoted shares, at cost	**2,169,218**	1,933,706
	3,957,409	3,662,066
Provision for impairment	**(377,000)**	(265,000)
	3,580,409	3,397,066
Advances from subsidiaries	**-**	(3,600)
	3,580,409	3,393,466

Movements in the provision for impairment of subsidiaries are as follows:

	2010	2009
At 1 January	**265,000**	265,000
Charge to profit and loss account	**112,000**	-
At 31 December	**377,000**	265,000

Advances from subsidiaries are unsecured, interest free and are not repayable within the next 12 months.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 37.

8. Associated companies

	Group		Company	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Quoted shares, at cost				
Market value: $885,408,000				
(2009: $474,190,000)	**561,226**	208,176	**-**	-
Unquoted shares, at cost	**966,034**	795,997	**55**	3,074
	1,527,260	1,004,173	**55**	3,074
Provision for impairment	**(147,800)**	(94,207)	**-**	-
	1,379,460	909,966	**55**	3,074
Share of reserves	**1,176,775**	527,549	**-**	-
	2,556,235	1,437,515	**55**	3,074
Advances to associated companies	**1,050,488**	1,285,654	**-**	-
	3,606,723	2,723,169	**55**	3,074

Movements in the provision for impairment of associated companies are as follows:

At 1 January	**94,207**	33,993	**-**	-
Write back to profit and loss account	**-**	(56)	**-**	-
Impairment loss (Note 26)	**1,544**	61,000	**-**	-
Reclassification (Note 10)	**52,522**	-	**-**	-
Exchange differences	**(473)**	(730)	**-**	-
At 31 December	**147,800**	94,207	**-**	-

Advances to associated companies are unsecured and are not repayable within the next 12 months. Interest is charged at rates ranging from 1.18% to 3.63% (2009: 1.47% to 4.47%) per annum.

During the financial year, the Group recognised an impairment loss of $1,544,000 (2009: $61,000,000) on investment in associated companies. The carrying amount of the associated companies were reduced to its recoverable amount, which was based on the estimated future cash flow from operations discounted to present value ranging from 5.53% to 6.05% (2009: 11%).

	Group	
	2010 $'000	2009 $'000
The share of net profit of associated companies is as follows:		
Share of profit before tax and exceptional items	**215,249**	321,683
Share of exceptional items (Note 26)	**775,821**	100,684
Share of profit before taxation	**991,070**	422,367
Share of taxation (Note 27)	**(184,730)**	(57,226)
Share of net profit#	**806,340**	365,141

This comprises share of net profit before exceptional items of $178,295,000 (2009: $276,013,000) and share of exceptional items (net of tax) of $628,045,000 (2009: $89,128,000).

The summarised financial information of associated companies, not adjusted for the Group's proportionate share, is as follows:

Total assets	**16,274,056**	12,657,767
Total liabilities	**8,426,896**	7,478,745
Revenue	**3,964,732**	3,777,218
Net profit before exceptional items	**574,042**	673,342
Net profit after exceptional items	**2,657,740**	912,386

Information relating to significant associated companies whose results are included in the financial statements is given in Note 37.

9. Investments

	Group	
	2010 $'000	2009 $'000
Available-for-sale investments:		
Quoted equity shares	**126,343**	49,992
Unquoted equity shares	**51,738**	40,351
Unquoted property funds	**104,130**	61,703
Unquoted bonds	**17,685**	-
	299,896	152,046

10. Long term receivables

	Group		Company	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Receivables from service concession arrangements	**-**	564,387	**-**	-
Staff loans	**2,543**	2,941	**560**	793
Long term trade receivables and others	**27,534**	40,028	**-**	-
	30,077	607,356	**560**	793
Less: Amounts due within one year and included in debtors (Note 14)	**(1,431)**	(55,957)	**(200)**	(209)
	28,646	551,399	**360**	584
Provision for doubtful debts	**-**	(3,734)	**-**	-
	28,646	547,665	**360**	584

Movements in the provision for doubtful debts are as follows:

At 1 January	**3,734**	3,930	**-**	-
Amount written off	**-**	52	**-**	-
Amount utilised	**(3,810)**	-	**-**	-
Exchange differences	**76**	(248)	**-**	-
At 31 December	**-**	3,734	**-**	-

Included in staff loans are interest free advances to certain Directors amounting to $259,000 (2009: $210,000) and to directors of related corporations amounting to $221,000 (2009: $436,000) under an approved car loan scheme.

Long term receivables are unsecured, largely repayable after five years and bears effective interest ranging from 2.00% to 13.00% (2009: 2.00% to 5.00%) per annum.

As at 31 December 2009, receivables arising from service concession arrangements arose from the following:

(a) a 20-year contract to build and operate a water treatment plant. The plant started commercial operations in 2007;
(b) a 25-year contract to build and operate a waste-to-energy plant. The plant started commercial operations in November 2009; and
(c) a 15-year contract to design, upgrade, own and operate an incineration plant. The plant was acquired from the Singapore Government in August 2009.

The above arrangements are classified as service concession arrangements under INT FRS 112. Under the terms of the arrangements, the Group will receive an aggregate minimum amount yearly from the contracted parties (grantors) in exchange for services performed by the Group when the plants are in commercial operations. Revenue and profit arising from these arrangements for the provision of construction services amounted to $39,876,000 and $4,969,000 respectively in the year ended 31 December 2009. During the financial year, the subsidiaries holding these arrangements were disposed pursuant to the distribution of dividend in specie of K-Green Trust units.

In the previous financial year, certain assets of the waste-to-energy plant with carrying amount of $163,337,000 are mortgaged to banks for loan facilities (Note 19).

During the previous financial year, the Group recognised an impairment loss of $107,522,000 on certain long term receivable. The carrying amount of the long term receivable was reduced to its recoverable amount, which was based on the estimated future cash flow from operations discounted to present value at 5%. During the financial year, impairment loss of $55,000,000 (Note 26) was reversed and the remaining impairment loss of $52,522,000 (Note 8) was reclassified to provision for impairment of associated companies upon the distribution of dividend in specie of 51% equity interest in K-Green Trust units.

The fair value of long term receivables for the Group is $28,329,000 (2009: $547,272,000). The carrying amount of long term receivables for the Company approximates its fair value. These fair values are computed on the discounted cash flow method using a discount rate based upon the market-related rate for a similar instrument as at the balance sheet date.

11. Intangibles

	Goodwill $'000	Development Expenditure $'000	Customer Contracts $'000	Total $'000
Group				
2010				
At 1 January	**87,004**	**3,114**	**-**	**90,118**
Additions	**10,560**	**5,256**	**-**	**15,816**
Amortisation	**-**	**(450)**	**(1,468)**	**(1,918)**
Impairment loss (Note 26)	**-**	**(314)**	**-**	**(314)**
Reclassification	**(24,615)**	**3,883**	**24,963**	**4,231**
Exchange differences	**-**	**(257)**	**-**	**(257)**
At 31 December	**72,949**	**11,232**	**23,495**	**107,676**
Cost	**72,949**	**21,050**	**24,963**	**118,962**
Accumulated amortisation	**-**	**(9,818)**	**(1,468)**	**(11,286)**
	72,949	**11,232**	**23,495**	**107,676**
2009				
At 1 January	73,253	5,234	-	78,487
Additions	24,615	151	-	24,766
Amortisation	-	(467)	-	(467)
Impairment loss (Note 26)	(11,568)	-	-	(11,568)
Reclassification	704	(1,655)	-	(951)
Exchange differences	-	(149)	-	(149)
At 31 December	87,004	3,114	-	90,118
Cost	87,004	12,981	-	99,985
Accumulated amortisation	-	(9,867)	-	(9,867)
	87,004	3,114	-	90,118

11. Intangibles (continued)

For the purpose of impairment testing, goodwill is allocated to cash-generating units.

Goodwill allocated to Offshore & Marine division amounted to $15,771,000 (2009: $5,211,000). The recoverable amount is determined based on value-in-use calculation using cash flow projections derived from the most recent financial budgets approved by management for the next five years using discount rates ranging from 7.32% to 15.25% (2009: 7.30% to 16.10%). The key assumptions are those regarding the discount rate and expected changes to selling prices and direct costs. Management estimates discount rate using pre-tax rate that reflects current market assessment of the time value of money and risks specific to the unit. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Goodwill allocated to Infrastructure division amounted to $57,178,000 (2009: $81,793,000). In the previous financial year, this includes provisional goodwill of $24,615,000 arising from the acquisition of Keppel DHCS Pte Ltd (previously First DCS Pte Ltd). Upon the completion of purchase price allocation during the current financial year, provisional goodwill was allocated to the attributable assets and liabilities. The recoverable amount of goodwill at balance sheet date is based on current bid prices of the cash-generating unit.

During the previous financial year, goodwill allocated to Offshore & Marine division of $11,568,000 was impaired as the recoverable amount based on value-in-use calculation was lower than the carrying amount.

12. Stocks and work-in-progress

		Group	
		2010 $'000	2009 $'000
Work-in-progress in excess of related billings	(a)	**605,210**	648,925
Stocks	(c)	**164,400**	248,109
Properties held for sale	(d)	**3,671,217**	2,281,148
		4,440,827	3,178,182
Billings on work-in-progress in excess of related costs	(b)	**(1,638,193)**	(1,683,392)

(a) Work-in-Progress in excess of Related Billings

	2010 $'000	2009 $'000
Costs incurred and attributable profits	**2,279,293**	7,027,504
Provision for loss on work-in-progress	**(3,651)**	(2,809)
	2,275,642	7,024,695
Less: Progress billings	**(1,670,432)**	(6,375,770)
	605,210	648,925

Movements in the provision for loss on work-in-progress are as follows:

	2010 $'000	2009 $'000
At 1 January	**2,809**	1,534
Charge to profit and loss account	**1,597**	1,963
Amount utilised	**(768)**	(611)
Exchange differences	**13**	(77)
At 31 December	**3,651**	2,809

(b) Billings on Work-in-Progress in excess of Related Costs

	2010 $'000	2009 $'000
Costs incurred and attributable profits	**14,541,819**	11,753,627
Less: Progress billings	**(16,180,012)**	(13,437,019)
	(1,638,193)	(1,683,392)

	Group 2010 $'000	Group 2009 $'000
(c) Stocks		
Consumable materials and supplies	**161,620**	235,984
Finished products for sale	**2,780**	12,125
	164,400	248,109
(d) Properties Held For Sale		
Properties under development		
Land cost	**2,583,577**	1,537,652
Development cost incurred to date	**1,500,932**	1,066,114
Related overhead expenditure	**645,352**	576,876
Progress billing and recognised profit	**(1,059,510)**	(1,047,505)
	3,670,351	2,133,137
Completed properties held for sale	**44,813**	196,212
	3,715,164	2,329,349
Provision for properties held for sale	**(43,947)**	(48,201)
	3,671,217	2,281,148

Movements in the provision for properties held for sale are as follows:

	Group 2010 $'000	Group 2009 $'000
At 1 January	**48,201**	72,187
Charge/(Write-back) to profit and loss account	**3,128**	(13,237)
Amount utilised	**(7,378)**	(10,739)
Exchange differences	**(4)**	(10)
At 31 December	**43,947**	48,201

Interest capitalised during the financial year amounted to $16,368,000 (2009: $17,319,000) at rates ranging from 1.00% to 2.50% (2009: 0.91% to 4.14%) per annum for Singapore properties and 2.88% to 15.50% (2009: 3.10% to 21.00%) per annum for overseas properties.

Certain properties held for sale with carrying amount of $444,705,000 (2009: $101,879,000) are mortgaged to banks for loan facilities (Note 19).

13. Amounts due from/to

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Subsidiaries				
Amounts due from				
- trade	**-**	-	**6,876**	6,155
- advances	**-**	-	**1,731,997**	1,642,973
	-	-	**1,738,873**	1,649,128
Provision for doubtful debts	**-**	-	**(6,600)**	(6,600)
	-	-	**1,732,273**	1,642,528
Amounts due to				
- trade	**-**	-	**161,893**	163,307
- advances	**-**	-	**79,899**	102,239
	-	-	**241,792**	265,546

Movements in the provision for doubtful debts are as follows:

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
At 1 January/31 December	**-**	-	**6,600**	6,600

Advances to and from subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.07% to 5.25% (2009: 0.10% to 6.00%) per annum on interest-bearing advances.

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Associated Companies				
Amounts due from				
- trade	**76,959**	86,330	**2,575**	6,056
- advances	**228,872**	207,728	**-**	-
	305,831	294,058	**2,575**	6,056
Provision for doubtful debts	**(669)**	(6,136)	**-**	-
	305,162	287,922	**2,575**	6,056
Amounts due to				
- trade	**5,867**	13,388	**-**	-
- advances	**174,742**	154,798	**-**	-
	180,609	168,186	**-**	-

Movements in the provision for doubtful debts are as follows:

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
At 1 January	**6,136**	1,113	**-**	-
(Write-back)/Charge to profit and loss account	**(5,467)**	5,023	**-**	-
At 31 December	**669**	6,136	**-**	-

Advances to and from associated companies are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.18% to 12.50% (2009: 0.13% to 5.31%) per annum on interest-bearing advances.

14. Debtors

	Group		Company	
	2010 **$'000**	2009 $'000	**2010** **$'000**	2009 $'000
Trade debtors	**1,053,217**	1,105,613	**-**	-
Provision for doubtful debts	**(39,156)**	(36,552)	**-**	-
	1,014,061	1,069,061	**-**	-
Long term receivables due within one year (Note 10)	**1,431**	55,957	**200**	209
Sundry debtors	**62,598**	87,293	**371**	269
Prepaid project cost & prepayments	**57,275**	31,118	**197**	166
Derivative financial instruments (Note 34)	**106,488**	117,906	**81,228**	102,502
Tax recoverable	**23,189**	19,258	**-**	-
Goods & Services Tax receivable	**88,466**	91,184	**-**	-
Interest receivable	**19,751**	21,289	**42**	48
Deposits paid	**18,246**	23,092	**378**	381
Land tender deposits	**140,021**	-	**-**	-
Advance land payments	**241,796**	20,664	**-**	-
Recoverable accounts	**41,765**	43,509	**-**	-
Accrued receivables	**9,459**	9,412	**-**	-
Advances to subcontractors	**116,386**	107,129	**-**	-
Advances to corporations in which the Group has investment interests	**250**	48,551	**-**	-
Advances to non-controlling shareholders of subsidiaries	**44,759**	9,496	**-**	-
	971,880	685,858	**82,416**	103,575
Provision for doubtful debts	**(26,948)**	(27,820)	**-**	-
	944,932	658,038	**82,416**	103,575
Total	**1,958,993**	1,727,099	**82,416**	103,575

Movements in the provision for debtors are as follows:

	Group 2010	Group 2009	Company 2010	Company 2009
At 1 January	**64,372**	58,431	**-**	-
Charge to profit and loss account	**5,609**	11,996	**-**	-
Amount written off	**(2,598)**	(5,546)	**-**	-
Reclassification	**-**	67	**-**	-
Exchange differences	**(1,279)**	(576)	**-**	-
At 31 December	**66,104**	64,372	**-**	-

15. Short term investments

	Group	
	2010 **$'000**	2009 $'000
Available-for-sale investments:		
Quoted equity shares	**412,438**	322,108
Unquoted equity shares	**1,223**	27,680
Unquoted unit trust	**52,323**	46,393
Total available-for-sale investments	**465,984**	396,181
Investments held for trading:		
Quoted equity shares	**70,888**	59,415
Quoted unit trust	**-**	919
Total investments held for trading	**70,888**	60,334
Total short term investments	**536,872**	456,515

16. Bank balances, deposits and cash

	Group		Company	
	2010 **$'000**	2009 $'000	**2010** **$'000**	2009 $'000
Bank balances and cash	**1,225,434**	447,051	**2,845**	3,051
Fixed deposits with banks	**2,910,461**	2,379,201	**204,228**	30,456
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**24,141**	54,898	**-**	-
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	**85,954**	54,637	**-**	-
	4,245,990	2,935,787	**207,073**	33,507

Fixed deposits with banks of the Group mature on varying periods, substantially between 1 day to 3 months (2009: 1 day to 3 months). This comprised Singapore dollar fixed deposits of $1,474,593,000 (2009: $956,427,000) at interest rates ranging from 0.00% to 1.13% (2009: 0.10% to 1.10%) per annum, and foreign currency fixed deposits of $1,435,868,000 (2009: $1,422,774,000) at interest rates ranging from 0.00% to 14.00% (2009: 0.10% to 18.00%) per annum.

Fixed deposits with banks of the Company mature on varying periods, substantially in 5 days (2009: 4 days to 3 months). This comprised foreign currency fixed deposits of $204,228,000 (2009: $30,456,000) at interest rates ranging from 0.28% to 1.20% (2009: 0.04% to 3.45%) per annum.

17. Creditors

	Group		Company	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Trade creditors	**682,357**	875,892	**38**	53
Customers' advances and deposits	**74,999**	60,515	**57**	57
Derivative financial instruments (Note 34)	**51,720**	57,864	**26,950**	37,171
Sundry creditors	**754,078**	623,888	**16,905**	11,829
Accrued operating expenses	**2,305,512**	2,112,151	**90,980**	83,192
Advances from non-controlling shareholders	**337,410**	221,384	**-**	-
Interest payables	**17,131**	9,653	**3,505**	-
Other payables	**119,756**	90,625	**-**	-
	4,342,963	4,051,972	**138,435**	132,302

Advances from non-controlling shareholders of certain subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 1.04% to 6.00% (2009: 1.25% to 4.64%) per annum on interest-bearing loans.

18. Provisions

	Warranties $'000	Claims $'000	Total $'000
Group			
2010			
At 1 January	**60,953**	**7,903**	**68,856**
Charge to profit and loss account	**11,213**	**14,989**	**26,202**
Amount utilised	**(963)**	**(2,000)**	**(2,963)**
Reclassification	**-**	**(5,500)**	**(5,500)**
Exchange differences	**(3,005)**	**(4)**	**(3,009)**
At 31 December	**68,198**	**15,388**	**83,586**
2009			
At 1 January	58,301	308	58,609
Charge to profit and loss account	5,397	7,601	12,998
Amount utilised	(3,215)	-	(3,215)
Exchange differences	470	(6)	464
At 31 December	60,953	7,903	68,856

19. Term loans

		2010		2009	
		Due within one year $'000	**Due after one year $'000**	Due within one year $'000	Due after one year $'000
Group					
Keppel Corporation Medium Term Notes	(a)	**-**	**500,000**	-	-
Keppel Land Medium Term Notes	(b)	**20,000**	**380,000**	248,000	70,000
Keppel Land 2.5% Convertible Bonds 2013	(c)	**282,536**	**-**	-	275,925
Keppel Land 1.875% Convertible Bonds 2015	(d)	**-**	**478,436**	-	-
Keppel Structured Notes Commodity-linked Notes	(e)	**41,920**	**-**	-	41,920
K-REIT Asia term loans	(f)	**-**	**-**	-	190,085
Bank and other loans					
- secured	(g)	**29,808**	**1,221,141**	174,761	268,045
- unsecured	(h)	**17,500**	**1,096,391**	416,356	72,435
		391,764	**3,675,968**	839,117	918,410
Company					
Keppel Corporation Medium Term Notes	(a)	**-**	**500,000**	-	-
Unsecured bank loans		**9,047**	**-**	-	-
		9,047	**500,000**	-	-

(a) The $500,000,000 Fixed Rate Notes due 2020 were issued during the financial year under the US$600,000,000 Multi-Currency Medium Term Note Programme by the Company. The notes were unsecured and carried fixed interest rate at 3.10% per annum.

(b) At the end of the financial year, notes issued under the US$800,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited, a subsidiary of the Company, amounted to $400,000,000. The notes are unsecured and are issued in series or tranches, and comprised fixed rate notes due 2011 to 2017 of $400,000,000. Interest payable is based on money markets rates ranging from 2.67% to 4.25% (2009: 1.14% to 4.25%) per annum.

(c) The $300,000,000 2.5%, 7 year convertible bonds were issued in 2006 by Keppel Land Limited. Interest is payable semi-annually. The bonds, maturing on 23 June 2013, are convertible at the option of bondholders to Keppel Land ordinary shares at a conversion price of $5.58 per share. Any bondholder may request to redeem all or some of its bonds on 23 June 2011 or in the event that its shares cease to be listed or admitted to trading on the Singapore Stock Exchange.

The convertible bonds are recognised on the balance sheet as follows:

	Group	
	2010 $'000	2009 $'000
Balance at 1 January	**275,925**	269,579
Interest expense	**14,111**	13,846
Interest paid	**(7,500)**	(7,500)
Liability component at 31 December	**282,536**	275,925

Interest expense on the convertible bonds is calculated based on the effective interest method by applying the interest rate of 4.78% (2009: 4.78%) per annum for an equivalent non-convertible bond to the liability component of the convertible bonds.

(d) The $500,000,000 1.875%, 5 year convertible bonds were issued during the financial year by Keppel Land Limited. Interest is payable semi-annually. The bonds, maturing on 29 November 2015, are convertible at the option of bondholders to Keppel Land ordinary shares at a conversion price of $6.72 per share. Any bondholder may request to redeem all of its bonds in the event that its shares cease to be listed or admitted to trading on the Singapore Stock Exchange.

The convertible bonds are recognised on the balance sheet as follows:

	2010 $'000
Face value of convertible bonds issued	**500,000**
Equity conversion component, net of deferred tax liability	**(12,050)**
Deferred tax liability	**(2,468)**
Bond issue expenses	**(7,400)**
Liability component on initial recognition	**478,082**
Interest expense	**1,135**
Interest paid	**(781)**
Liability component at 31 December	**478,436**

Interest expense on the convertible bonds is calculated based on the effective interest method by applying the interest rate of 2.5% per annum for an equivalent non-convertible bond to the liability component of the convertible bonds.

(e) The S$23,960,000 ("Tranche A") and US$11,565,000 ("Tranche B") commodity-linked notes were issued in 2006 by Keppel Structured Notes Pte Ltd ("KSN"), a subsidiary of the Company. The commodity-linked notes, maturing on 28 November 2011, may be redeemed at par at the option of KSN, in whole, on notice, in the event of certain changes in the tax laws of Singapore, subject to certain other conditions. The notes are unsecured and bear interest payable annually at a rate ranging from 6% to 13% per annum for the period from 27 November 2006 to 28 November 2011. The notes are unconditionally and irrevocably guaranteed by the Company. KSN has entered into a 5-year commodity-linked interest rate swap transaction relating to Tranche A notes and a 5-year commodity-linked cross currency and interest rate swap transaction relating to the Tranche B notes to hedge the foreign exchange and interest rate risks of the notes. The effect of the swap transactions is that KSN pays an interest rate based on money market rates ranging from 0.77% to 1.21% (2009: 1.21% to 1.50%) per annum.

(f) K-REIT Asia, a subsidiary of the Company, secured two fixed rate mortgage loans in 2006 totalling $190,085,000 from a special purpose company, Blossom Assets Ltd. The loans consist of a Tranche A Mortgage Loan amounting to $160,197,000 and a Tranche B Mortgage Loan amounting to $29,888,000, which are funded by the proceeds of commercial mortgaged-backed securities notes issued by Blossom Assets Ltd. The loans are due on 17 May 2011 and are secured on the investment properties and certain assets of K-REIT Asia. Interest is payable ranging from 3.91% to 4.06% (2009: 3.91% to 4.06%) per annum. The term loans were fully repaid in the year.

(g) The secured bank loans consist of:

- A $323,385,000 bank loan drawn down by a subsidiary. The term loan is repayable in 2012 and is secured on the investment property of the subsidiary. Interest is based on money market rates ranging from 0.62% to 2.34% (2009: 0.85% to 2.49%) per annum.

- A term loan of $158,600,000 drawn down by a subsidiary. The term loan is repayable in 2013 and is secured on the investment property of the subsidiary. Interest is based on money market rates ranging from 1.37% to 1.60% (2009: 1.60% to 2.17%) per annum.

19. Term loans (continued)

- A term loan of $240,000,000 drawn down by a subsidiary during the financial year. The term loan is repayable in 2014 and is secured on other assets of the subsidiary. Interest is based on money market rates ranging from 1.00% to 1.10% per annum.

- Bank loans of $425,000,000 drawn down by a subsidiary during the financial year. The term loans are repayable in 2015 and are secured on the investment properties of the subsidiary. Interest is based on money market rates ranging from 1.24% to 1.35% per annum.

- A term loan of $60,863,000 drawn down by subsidiaries during the financial year. The term loan is repayable between one and five years and is secured on certain fixed assets of the subsidiaries. Interest is based on money market rates ranging from 0.85% to 0.86% per annum.

- Other secured bank loans comprised $43,101,000 of foreign currency loans. They are repayable between one and three years and are secured on certain fixed and other assets of subsidiaries. Interest on foreign currency loans is based on money market rates ranging from 6.25% to 11.75% (2009: 6.25% to 14.50%) per annum.

(h) The unsecured bank and other loans of the Group totalling $1,113,891,000 comprised $880,000,000 of loans denominated in Singapore dollar and $233,891,000 of foreign currency loans. They are repayable between one and five years. Interest on loans denominated in Singapore dollar is based on money market rates ranging from 0.85% to 2.54% (2009: 0.93% to 3.46%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.90% to 15.50% (2009: 9.88% to 21.00%) per annum.

The net book value of property and assets mortgaged to the banks amounted to $2,552,970,000 (2009: $2,405,138,000). These are securities given to the banks for loans and overdraft facilities.

The fair values of term loans for the Group and Company are $4,100,179,000 (2009: $1,777,695,000) and $481,832,000 (2009: $nil) respectively. These fair values are computed on the discounted cash flow method using a discount rate based upon the borrowing rate which the Group expect would be available as at the balance sheet date.

Loans due after one year are estimated to be repayable as follows:

	Group		Company	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Years after year-end:				
After one but within two years	**527,257**	289,111	**-**	-
After two but within five years	**2,548,711**	556,253	**-**	-
After five years	**600,000**	73,046	**500,000**	-
	3,675,968	918,410	**500,000**	-

20. Bank overdrafts

	Group	
	2010 **$'000**	2009 $'000
Secured	**718**	1,668
Unsecured	**18**	-
	736	1,668

Interest on the bank overdrafts is payable at the banks' prevailing prime rates ranging from 5.50% to 6.66% (2009: 5.19%) per annum. The secured bank overdrafts are secured by certain land and building of a subsidiary.

21. Deferred taxation

	Group		Company	
	2010 **$'000**	2009 $'000	**2010** **$'000**	2009 $'000
Deferred tax liabilities:				
Accelerated tax depreciation	**161,896**	167,141	**-**	-
Investment properties valuation	**192,534**	175,860	**-**	-
Offshore income & others	**122,671**	88,117	**4,934**	5,377
	477,101	431,118	**4,934**	5,377
Deferred tax assets:				
Other provisions	**(13,821)**	(13,498)	**-**	-
Unutilised tax benefits	**(4,207)**	(5,823)	**-**	-
	(18,028)	(19,321)	**-**	-
Net deferred tax liabilities	**459,073**	411,797	**4,934**	5,377

Deferred tax assets are recognised for unutilised tax benefits carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unutilised tax losses and capital allowances of $547,551,000 (2009: $722,190,000) for which no deferred tax benefit is recognised in the balance sheet. These tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The unutilised tax losses and capital allowances do not have expiry dates.

21. Deferred taxation (continued)

Movements in deferred tax liabilities and assets are as follows:

	At 1 January $'000	Charged/ (credited) to profit or loss $'000	Charged/ (credited) to other comprehensive income $'000	Subsidiary acquired $'000	Subsidiaries disposed $'000	Reclassification $'000	Exchange differences $'000	At 31 December $'000
Group								
2010								
Deferred Tax Liabilities								
Accelerated tax depreciation	**167,141**	**3,885**	**-**	**-**	**(12,659)**	**3,600**	**(71)**	**161,896**
Investment properties valuation	**175,860**	**16,917**	**-**	**-**	**-**	**382**	**(625)**	**192,534**
Offshore income & others	**88,117**	**36,955**	**688**	**-**	**-**	**(3,825)**	**736**	**122,671**
Total	**431,118**	**57,757**	**688**	**-**	**(12,659)**	**157**	**40**	**477,101**
Deferred Tax Assets								
Other provisions	**(13,498)**	**(310)**	**-**	**-**	**-**	**-**	**(13)**	**(13,821)**
Unutilised tax benefits	**(5,823)**	**1,244**	**-**	**-**	**-**	**-**	**372**	**(4,207)**
Total	**(19,321)**	**934**	**-**	**-**	**-**	**-**	**359**	**(18,028)**
Net Deferred Tax Liabilities	**411,797**	**58,691**	**688**	**-**	**(12,659)**	**157**	**399**	**459,073**
2009								
Deferred Tax Liabilities								
Accelerated tax depreciation	159,029	(1,843)	-	9,765	-	-	190	167,141
Investment properties valuation	212,017	(35,616)	-	-	-	-	(541)	175,860
Offshore income & others	78,951	14,497	14,309	-	-	(20,679)	1,039	88,117
Total	449,997	(22,962)	14,309	9,765	-	(20,679)	688	431,118
Deferred Tax Assets								
Other provisions	(40,323)	(1,884)	-	-	-	31,515	(2,806)	(13,498)
Unutilised tax benefits	(28,462)	22,889	-	-	-	-	(250)	(5,823)
Total	(68,785)	21,005	-	-	-	31,515	(3,056)	(19,321)
Net Deferred Tax Liabilities	381,212	(1,957)	14,309	9,765	-	10,836	(2,368)	411,797
Company								
2010								
Deferred Tax Liabilities								
Offshore income	**5,377**	**(443)**	**-**	**-**	**-**	**-**	**-**	**4,934**
2009								
Deferred Tax Liabilities								
Offshore income	5,608	(231)	-	-	-	-	-	5,377

22. Revenue

	Group	
	2010 **$'000**	2009 $'000
Revenue from construction contracts	**5,931,575**	8,990,796
Sale of property and goods	**1,480,738**	1,337,742
Rental income from investment properties	**192,705**	181,871
Revenue from services rendered	**2,165,992**	1,715,563
Dividend income from quoted shares	**6,182**	6,555
Others	**5,730**	14,594
	9,782,922	12,247,121

23. Staff costs

	Group	
	2010 **$'000**	2009 $'000
Wages and salaries	**1,078,364**	1,093,522
Employer's contribution to Central Provident Fund	**114,952**	96,026
Share options and share plans granted to Directors and employees	**38,437**	23,682
Other staff benefits	**135,324**	159,175
	1,367,077	1,372,405

24. Operating profit

Operating profit is arrived at after charging/(crediting) the following:

	Group	
	2010 **$'000**	2009 $'000
Auditors' remuneration		
- auditors of the Company	**1,409**	1,270
- other auditors of subsidiaries	**3,764**	3,824
Fees and other remuneration to Directors of the Company	**964**	1,426
Shares granted to Directors of the Company	**410**	309
Contracts for services rendered by Directors or with a company in which a Director has a substantial financial interest	**801**	642
Key management's emoluments (including executive directors' remuneration)		
- short-term employee benefits	**33,807**	31,326
- post-employment benefits	**100**	420
- share options and share plans granted	**7,993**	3,119
Depreciation of fixed assets	**186,715**	173,846
Write-off of fixed assets and investment properties	**4,244**	255
Amortisation of intangibles	**1,918**	467
(Profit)/loss on sale of fixed assets and investment properties	**(4,949)**	5,781
Profit on sale of investments	**(11,795)**	(24,967)
Fair value (gain)/loss on		
- investments	**(8,028)**	64,320
- forward foreign exchange contracts	**(14,813)**	8,112
- forward HSFO contracts	**-**	(3,053)

24. Operating profit (continued)

	Group 2010 $'000	Group 2009 $'000
Provision for		
- warranties	**11,213**	5,397
- claims	**14,989**	7,601
Provision/(write-back) for		
- work-in-progress	**1,597**	1,963
- properties held for sale	**3,128**	(13,237)
- stocks	**379**	-
Provision for doubtful debts		
- trade debts	**4,055**	11,382
- receivables	**-**	60
- other debts	**1,554**	614
Bad debts written off/(recovered)		
- trade debts	**(79)**	(159)
- other debts	**80**	13
Cost of stocks & properties held for sale recognised as expense	**993,343**	858,217
Stocks (recovered)/written down	**(169)**	72,975
Rental expense		
- operating leases	**64,632**	60,647
Direct operating expenses		
- investment properties that generated rental income	**56,766**	59,843
Loss/(gain) on differences in foreign exchange	**53,161**	(5,166)
Non-audit fees paid to		
- auditors of the Company	**135**	118
- other auditors of subsidiaries	**2,121**	608

25. Investment income, interest income and interest expenses

	Group 2010 $'000	Group 2009 $'000
Investment income from:		
Shares - quoted outside Singapore	**2,055**	1,694
Shares - unquoted	**5,891**	3,407
	7,946	5,101
Interest income from:		
Bonds, debentures, deposits and associated companies	**111,350**	73,676
Interest expenses on:		
Bonds, debentures, fixed term loans and overdrafts	**(62,959)**	(51,838)
Fair value (loss)/gain on interest rate caps and swaps	**(1,742)**	2,163
	(64,701)	(49,675)

26. Exceptional items

	Group	
	2010 $'000	2009 $'000
Gain on disposal of subsidiaries, associated companies and investments *	**8,645**	639,464
Gain on acquisition of additional interest in subsidiaries	**-**	6,895
Impairment (loss)/write-back of:		
- Fixed assets (Note 5)	**(27,772)**	(655)
- Associated companies (Note 8)	**(1,544)**	(61,000)
- Long term receivables (Note 10)	**55,000**	(107,522)
- Intangibles (Note 11)	**(314)**	(11,568)
- Other assets	**(12,556)**	(21,870)
Other assets written off:		
- Costs associated with long term receivables	**-**	(29,626)
- Foreign exchange translation deficit	**-**	(15,475)
- Other assets	**(9,984)**	(10,310)
Loss provision for cost overruns and completion delays	**(186,775)**	-
Fair value gain/(loss) on investment properties (Note 6)	**64,719**	(131,920)
Share of associated companies ** (Note 8)	**775,821**	100,684
Cost associated with restructuring of operations and others	**(4,139)**	(34,967)
	661,101	322,130
Taxation (Note 27)	**(164,150)**	24,060
	496,951	346,190
Non-controlling interests	**(293,019)**	14,316
Attributable exceptional items	**203,932**	360,506

* In 2009, this represents substantially the gain on disposal of an associated company.

** In 2010 and 2009, this represents substantially the Group's share of fair value gain on investment properties of associated companies.

27. Taxation

(a) Income tax expense

	Group	
	2010 $'000	2009 $'000
Tax expense comprised:		
Current tax	**337,273**	289,420
Adjustment for prior year's tax	**2,471**	(2,621)
Share of taxation of associated companies (Note 8)	**184,730**	57,226
Others	**(2,533)**	5,807
Deferred tax movement:		
Movements in temporary differences (Note 21)	**58,691**	(1,957)
	580,632	347,875

27. **Taxation** (continued)

The income tax expense on the results of the Group differ from the amount of income tax expense determined by applying the Singapore standard rate of income tax to profit before tax and exceptional items due to the following:

	Group	
	2010 $'000	2009 $'000
Profit before tax and exceptional items	**2,026,338**	1,855,576
Tax calculated at tax rate of 17% (2009: 17%)	**344,477**	315,448
Income not subject to tax	**(45,495)**	(41,316)
Expenses not deductible for tax purposes	**95,189**	109,862
Utilisation of previously unrecognised tax benefits	**(22,376)**	(6,816)
Effect of reduction in tax rate	**-**	(10,272)
Effect of different tax rates in other countries	**42,216**	7,650
Adjustment for prior year's tax	**2,471**	(2,621)
Tax expense/(credit) of exceptional items (Note 26)	**164,150**	(24,060)
	580,632	347,875

(b) Movement in current income tax liabilities

	Group		Company	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
At 1 January	**450,951**	344,020	**27,169**	19,669
Exchange differences	**(6,067)**	5,268	**-**	-
Tax expense	**337,273**	289,420	**8,000**	13,000
Adjustment for prior year's tax	**2,471**	(2,621)	**-**	(935)
Income taxes paid	**(301,546)**	(172,200)	**(9,022)**	(5,334)
Subsidiary acquired	**415**	-	**-**	-
Subsidiaries disposed	**(1,782)**	-	**-**	-
Reclassification	**2,924**	4,371	**-**	-
Others	**60**	(17,307)	**-**	769
At 31 December	**484,699**	450,951	**26,147**	27,169

28. **Earnings per ordinary share**

	Group			
	2010 $'000		2009 $'000	
	Basic	**Diluted**	Basic	Diluted
Net profit attributable to shareholders before exceptional items	**1,419,052**	**1,419,052**	1,264,611	1,264,611
Adjustment for dilutive potential ordinary shares of subsidiaries and associated companies, before exceptional items	**-**	**(760)**	-	-
Adjusted net profit before exceptional items	**1,419,052**	**1,418,292**	1,264,611	1,264,611
Exceptional items	**203,932**	**203,932**	360,506	360,506
Adjusted net profit after exceptional items	**1,622,984**	**1,622,224**	1,625,117	1,625,117

	Group			
	2010 Number of Shares ’000		2009 Number of Shares ’000	
	Basic	**Diluted**	Basic	Diluted
Weighted average number of ordinary shares	**1,599,251**	**1,599,251**	1,593,398	1,593,398
Adjustment for dilutive potential ordinary shares	**-**	**11,017**	-	3,474
Weighted average number of ordinary shares used to compute earnings per share	**1,599,251**	**1,610,268**	1,593,398	1,596,872
Earnings per ordinary share				
Before exceptional items	**88.7 cts**	**88.1 cts**	79.4 cts	79.2 cts
After exceptional items	**101.5 cts**	**100.7 cts**	102.0 cts	101.8 cts

29. Dividends

The Directors are pleased to recommend a final dividend of 26 cents per share tax exempt one-tier (2009: final dividend of 23 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2010 for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim dividend of 16 cents per share tax exempt one-tier (2009: 15 cents per share tax exempt one-tier), total cash dividend paid and proposed in respect of the financial year ended 31 December 2010 will be 42 cents per share tax exempt one-tier (2009: 61 cents per share tax exempt one-tier which included the special dividend in specie of K-Green Trust units of 23 cents per share tax-exempt one-tier).

The Directors are also proposing a bonus issue to shareholders on the basis of one bonus share for every ten existing ordinary shares in the capital of the Company. The proposed bonus issue is conditional upon certain approvals being obtained as described in the announcement dated 25 January 2011.

During the financial year, the following dividends were paid:

	$’000
A final dividend of 23 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	368,021
A special dividend in specie of K-Green Trust units of 23 cents per share tax exempt one-tier in respect of the previous financial year	366,882
An interim dividend of 16 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	256,103
	991,006

30. Acquisition of subsidiary

The following was acquired during the financial year:

Subsidiary	Date of acquisition	Gross interest before acquisition	Interest acquired	Gross interest after acquisition	Net assets acquired $’000	Consideration $’000
Subic Shipyard and Engineering, Inc	29.9.2010	45.59%	41.60%	87.19%	72,798	83,358

Details of net assets acquired are disclosed in the Consolidated Statement of Cash Flows.

Had the above been acquired at the beginning of the year, the effect would not have been material to the consolidated financial statements and therefore is not disclosed.

31. Commitments

(a) Capital commitments

	Group 2010 $'000	Group 2009 $'000
Capital expenditure not provided for in the financial statements:		
In respect of contracts placed:		
- for purchase and construction of investment properties	**102,718**	322,986
- for purchase of other fixed assets	**413,760**	91,214
- for purchase/subscription of shares in other companies	**571,943**	857,985
Amounts approved by Directors in addition to contracts placed:		
- for purchase and construction of investment properties	**152,072**	3,625
- for purchase of other fixed assets	**181,316**	140,305
- for purchase/subscription of shares in other companies	**99,304**	92,276
	1,521,113	1,508,391
Less: Non-controlling shareholders' shares	**(415,033)**	(548,047)
	1,106,080	960,344

There was no significant future capital expenditure/commitment of the Company.

(b) Lessee's lease commitments

The Group leases land and office buildings from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payable in respect of significant non-cancellable operating leases as at the end of the financial year are as follows:

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Years after year-end:				
Within one year	**55,484**	55,100	**322**	252
From two to five years	**194,599**	198,259	**119**	192
After five years	**629,552**	707,541	**-**	-
	879,635	960,900	**441**	444

(c) Lessor's lease commitments

The Group leases out commercial space to non-related parties under non-cancellable operating leases. The future minimum lease receivable in respect of significant non-cancellable operating leases as at the end of the financial year are as follows:

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Years after year-end:				
Within one year	**173,405**	152,049	**-**	-
From two to five years	**271,723**	148,775	**-**	-
After five years	**150,676**	65,825	**-**	-
	595,804	366,649	**-**	-

Some of the operating leases are subject to revision of lease rentals at periodic intervals. For the purposes of the above, the prevailing lease rentals are used.

32. Contingent liabilities (unsecured)

	Group		Company	
	2010 **$'000**	2009 $'000	**2010** **$'000**	2009 $'000
Guarantees in respect of banks and other loans granted to subsidiaries and associated companies	**154,618**	24,656	**477,213**	686,376
Bank guarantees	**61,198**	57,521	**-**	-
Others	**53,885**	54,055	**-**	-
	269,701	136,232	**477,213**	686,376

The financial effects of FRS 39 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised.

33. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year:

	Group	
	2010 **$'000**	2009 $'000
Sale of residential properties to directors and their associates	**1,119**	6,540

34. Financial risk management

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines. These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Group Finance Director and comprises Chief Financial Officers of the Group's key operating companies and Head Office specialists.

Market Risk

(i) Currency risk

The Group has receivables and payables denominated in foreign currencies viz US dollars, European and other Asian currencies. The Group's foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against the Singapore dollar, which is the Group's presentation currency. To hedge against the volatility of future cash flows caused by changes in foreign currency rates, the Group utilises forward foreign currency contracts and other foreign currency hedging instruments to hedge the Group's exposure to specific currency risks relating to investments, receivables, payables and other commitments. Group Treasury Department monitors the current and projected foreign currency cash flow of the Group and aims to reduce the exposure of the net position in each currency by borrowing in foreign currency and other currency contracts where appropriate.

As at the end of the financial year, the Group has outstanding forward foreign exchange contracts with notional amounts totalling $3,666,123,000 (2009: $4,080,268,000). The net positive fair value of forward foreign exchange contracts is $68,794,000 (2009: $66,455,000) comprising assets of $97,480,000 (2009: $106,000,000) and liabilities of $28,686,000 (2009: $39,545,000). These amounts are recognised as derivative financial instruments in debtors (Note 14) and creditors (Note 17).

34. Financial risk management (continued)

As at the end of the financial year, the Company has outstanding forward foreign exchange contracts with notional amounts totalling $3,476,028,000 (2009: $4,009,822,000). The net positive fair value of forward foreign exchange contracts is $54,278,000 (2009: $65,331,000) comprising assets of $81,228,000 (2009: $102,502,000) and liabilities of $26,950,000 (2009: $37,171,000). These amounts are recognised as derivative financial instruments in debtors (Note 14) and creditors (Note 17).

Other than the above hedged foreign currency contracts, the unhedged currency exposure of financial assets and financial liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	2010			2009		
	USD $'000	**Euro $'000**	**Others $'000**	USD $'000	Euro $'000	Others $'000
Group						
Financial Assets						
Debtors	**107,696**	**1,063**	**49,587**	106,702	837	46,451
Investments	**138,338**	**-**	**255,355**	31,434	-	154,103
Bank balances, deposits & cash	**68,980**	**2,429**	**79,061**	80,877	30,269	118,161
Financial Liabilities						
Creditors	**54,269**	**1,208**	**59,209**	46,695	7,031	85,817
Term loans	**58,029**	**-**	**27,052**	-	-	14,464
Company						
Financial Assets						
Debtors	**1,365**	**-**	**228**	-	-	181
Bank balances, deposits & cash	**-**	**-**	**1,815**	501	7,622	25,097
Financial Liabilities						
Creditors	**-**	**-**	**95**	-	-	118

Sensitivity analysis for currency risk

If the relevant foreign currency change against SGD by 5% (2009: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		**Equity**	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Group				
USD against SGD				
- Strengthened	**3,243**	7,045	**6,970**	1,571
- Weakened	**(3,243)**	(7,045)	**(6,970)**	(1,571)
Euro against SGD				
- Strengthened	**114**	1,205	**-**	-
- Weakened	**(114)**	(1,205)	**-**	-
Company				
USD against SGD				
- Strengthened	**69**	25	**-**	-
- Weakened	**(69)**	(25)	**-**	-
Euro against SGD				
- Strengthened	**-**	382	**-**	-
- Weakened	**-**	(382)	**-**	-

(ii) Interest rate risk

The Group is exposed to interest rate risk for changes in interest rates primarily for debt obligations, placements in the money market and investments in bonds. The Group policy is to maintain a mix of fixed and variable rate debt instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks.

The Group purchases interest rate caps to hedge the interest rate risk exposure arising from its US$ and S$ variable rate term loans (Note 19). As at the end of the financial year, the Group has the following outstanding interest rate cap agreements.

Year	Notional amount	Maturity	Interest rate caps
2010	**$45,758,000**	**2011**	**3%**
2009	$48,579,000	2011	3%

The positive fair values of interest rate caps for the Group are $nil (2009: $78,000). This amount is recognised as derivative financial instruments in debtors (Note 14).

The Group enters into interest rate swap agreements to hedge the interest rate risk exposure arising from its S$ variable rate term loans (Note 19). As at the end of the financial year, the Group has interest rate swap agreements with notional amount totalling $929,075,000 (2009: $366,765,000) whereby it receives variable rates equal to SIBOR (2009: SIBOR) and pays fixed rates of between 1.43% and 3.62% (2009: 2.55% and 4.42%) on the notional amount.

The net negative fair value of interest rate swaps for the Group is $19,807,000 (2009: $15,564,000) comprising assets of $3,217,000 (2009: $2,340,000) and liabilities of $23,024,000 (2009: $17,904,000). These amounts are recognised as derivative financial instruments in debtors (Note 14) and creditors (Note 17).

Sensitivity analysis for interest rate risk

If interest rates increase/decrease by 0.5% (2009: 0.5%) with all other variables held constant, the Group's profit before tax would have been lower/higher by $5,040,000 (2009: $3,545,000) as a result of higher/lower interest expense on floating rate loans.

(iii) Price risk

The Group hedges against fluctuations arising on the purchase of natural gas that affect cost. Exposure to price fluctuations is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to a benchmark fuel price index, High Sulphur Fuel Oil (HSFO) 180-CST. As at the end of the financial year, the Group has outstanding HSFO forward contracts with notional amounts totalling $93,331,000 (2009: $73,529,000). The net positive fair value of HSFO forward contracts for the Group is $5,781,000 (2009: $9,073,000) comprising assets of $5,791,000 (2009: $9,488,000) and liabilities of $10,000 (2009: $415,000). These amounts are recognised as derivative financial instruments in debtors (Note 14) and creditors (Note 17).

The Group is exposed to equity securities price risk arising from equity investments classified as investments held for trading and available-for-sale investments. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

34. Financial risk management (continued)

Sensitivity analysis for price risk
If prices for HSFO increase/decrease by 5% (2009: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by $4,956,000 (2009: $4,130,000) as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2009: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by $3,544,000 (2009: $3,017,000) as a result of higher/lower fair value gains on investments held for trading, and the Group's fair value reserve in other comprehensive income would have been higher/lower by $29,555,000 (2009: $20,925,000) as a result of higher/lower fair value gains on available-for-sale investments.

Credit Risk
Credit risk refers to the risk that debtors will default on their obligation to repay the amount owing to the Group. A substantial portion of the Group's revenue is on credit terms or stage of completion. These credit terms are normally contractual. The Group adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk. The credit policy spells out clearly the guidelines on extending credit terms to customers, including monitoring the process and using related industry's practices as reference. This includes assessment and valuation of customers' credit reliability and periodic review of their financial status to determine the credit limits to be granted. Customers are also assessed based on their historical payment records. Where necessary, customers may also be requested to provide security or advance payment before services are rendered. The Group's policy does not permit non-secured credit risk to be significantly centralised in one customer or a group of customers.

The maximum exposure to credit risk is the carrying amount of financial assets which are mainly trade debtors and bank balances, deposits and cash.

(i) Financial assets that are neither past due nor impaired
Trade debtors that are neither past due nor impaired are substantially companies with good collection track record with the Group. Bank deposits, forward foreign exchange contracts, interest rate caps and interest rate swaps are mainly transacted with banks of high credit ratings assigned by international credit-rating agencies.

(ii) Financial assets that are past due but not impaired/partially impaired
The age analysis of trade debtors past due but not impaired/partially impaired is as follows:

	Group	
	2010 $'000	2009 $'000
Past due 0 to 3 months but not impaired	**96,298**	254,892
Past due 3 to 6 months but not impaired	**30,152**	149,638
Past due over 6 months and partially impaired	**82,611**	122,779
	209,061	527,309

Trade debtors that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments.

Information relating to the provision for doubtful debts is given in Note 14.

Liquidity Risk

Prudent liquidity risk management requires the Group to maintain sufficient cash and marketable securities, internally generated cash flows, and the availability of funding resources through an adequate amount of committed credit facilities. Group Treasury also maintains a mix of short-term money market borrowings and medium/long term loans to fund working capital requirements and capital expenditures/investments. Due to the dynamic nature of business, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.

Information relating to the maturity profile of loans is given in Note 19.

The following table details the liquidity analysis for derivative financial instruments of the Group and the Company based on contractual undiscounted cash inflows/(outflows).

	Within one year $'000	Within one to two years $'000	Within two to five years $'000
Group			
2010			
Gross-settled forward foreign exchange contracts			
- Receipts	**2,791,408**	**830,045**	**171,831**
- Payments	**(2,704,945)**	**(804,220)**	**(172,359)**
Net-settled HSFO forward contracts			
- Receipts	**5,335**	**448**	**8**
- Payments	**(10)**	**-**	**-**
2009			
Gross-settled forward foreign exchange contracts			
- Receipts	3,789,510	367,391	3,439
- Payments	(3,730,427)	(359,079)	(3,206)
Net-settled HSFO forward contracts			
- Receipts	9,292	160	37
- Payments	(415)	-	-
Company			
2010			
Gross-settled forward foreign exchange contracts			
- Receipts	**2,593,056**	**781,779**	**171,831**
- Payments	**(2,546,137)**	**(773,457)**	**(172,359)**
2009			
Gross-settled forward foreign exchange contracts			
- Receipts	3,737,912	353,197	1,448
- Payments	(3,679,578)	(344,527)	(1,469)

34. Financial risk management (continued)

Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Group's current strategy remains unchanged from 2009. The Group and the Company are in compliance with externally imposed capital requirements for the financial year ended 31 December 2010.

Management monitors capital based on the Group net cash/(gearing). The Group net cash/(gearing) is calculated as net cash/(borrowings) divided by total capital. Net cash/(borrowings) are calculated as bank balances, deposits & cash (Note 16) less total term loans (Note 19) plus bank overdrafts (Note 20). Total capital refers to capital employed under equity.

	Group	
	2010 $'000	2009 $'000
Net cash	**177,522**	1,176,592
Total capital	**9,723,883**	8,712,573
Net cash ratio	**0.02x**	0.14x

Fair Value of Financial Instruments

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table presents the assets and liabilities measured at fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2010				
Assets				
Derivative financial instruments	**-**	**106,488**	**-**	**106,488**
Investments				
- Available-for-sale investments	**126,343**	**-**	**173,553**	**299,896**
Short term investments				
- Available-for-sale investments	**412,438**	**52,323**	**1,223**	**465,984**
- Investments held for trading	**70,888**	**-**	**-**	**70,888**
	609,669	**158,811**	**174,776**	**943,256**
Liabilities				
Derivative financial instruments	**-**	**51,720**	**-**	**51,720**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2009				
Assets				
Derivative financial instruments	-	117,906	-	117,906
Investments				
- Available-for-sale investments	49,992	5,396	96,658	152,046
Short term investments				
- Available-for-sale investments	322,108	46,393	27,680	396,181
- Investments held for trading	60,334	-	-	60,334
	432,434	169,695	124,338	726,467
Liabilities				
Derivative financial instruments	-	57,864	-	57,864
Company				
2010				
Assets				
Derivative financial instruments	**-**	**81,228**	**-**	**81,228**
Liabilities				
Derivative financial instruments	**-**	**26,950**	**-**	**26,950**
2009				
Assets				
Derivative financial instruments	-	102,502	-	102,502
Liabilities				
Derivative financial instruments	-	37,171	-	37,171

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	2010 $'000	2009 $'000
At 1 January	**124,338**	105,588
Purchases	**77,123**	23,730
Sales	**(57,124)**	(596)
Fair value gain recognised in profit and loss account	**417**	-
Fair value loss recognised in equity	**(3,795)**	(2,938)
Subsidiary acquired	**185**	-
Transfer from Level 2	**6,683**	-
Reclassification	**28,347**	1,343
Exchange differences	**(1,398)**	(2,789)
At 31 December	**174,776**	124,338

During the financial year ended 31 December 2010, the Group transferred investments from Level 2 to Level 3 of the fair value hierarchy as the inputs to the valuation models for investments ceased to be observable.

35. Segment analysis

	Offshore & Marine $'000	Infrastructure $'000	Property $'000	Investments $'000	Elimination $'000	Total $'000
2010						
Revenue						
External sales	**5,577,010**	**2,510,113**	**1,684,786**	**11,013**	**-**	**9,782,922**
Inter-segment sales	**-**	**111,958**	**2,537**	**63,541**	**(178,036)**	**-**
Total	**5,577,010**	**2,622,071**	**1,687,323**	**74,554**	**(178,036)**	**9,782,922**
Segment Results						
Operating profit	**1,119,047**	**75,027**	**553,157**	**12,316**	**(3,053)**	**1,756,494**
Investment income	**2,441**	**-**	**5,425**	**80**	**-**	**7,946**
Interest income	**74,888**	**4,037**	**36,765**	**86,339**	**(90,679)**	**111,350**
Interest expenses	**(4,787)**	**(23,306)**	**(71,860)**	**(58,480)**	**93,732**	**(64,701)**
Share of results of associated companies	**50,061**	**37,197**	**101,995**	**25,996**	**-**	**215,249**
Profit before tax & exceptional items	**1,241,650**	**92,955**	**625,482**	**66,251**	**-**	**2,026,338**
Exceptional items	**(31,743)**	**(136,932)**	**844,176**	**(14,400)**	**-**	**661,101**
Profit before taxation	**1,209,907**	**(43,977)**	**1,469,658**	**51,851**	**-**	**2,687,439**
Taxation	**(242,119)**	**(26,978)**	**(301,035)**	**(10,500)**	**-**	**(580,632)**
Profit for the year	**967,788**	**(70,955)**	**1,168,623**	**41,351**	**-**	**2,106,807**
Attributable to:						
Shareholders of Company						
Profit before exceptional items	**987,202**	**56,627**	**325,957**	**49,266**	**-**	**1,419,052**
Exceptional items	**(24,762)**	**(135,998)**	**379,092**	**(14,400)**	**-**	**203,932**
	962,440	**(79,371)**	**705,049**	**34,866**	**-**	**1,622,984**
Non-controlling interests	**5,348**	**8,416**	**463,574**	**6,485**	**-**	**483,823**
	967,788	**(70,955)**	**1,168,623**	**41,351**	**-**	**2,106,807**
Other information						
Segment assets	**6,211,833**	**2,886,615**	**12,532,848**	**5,998,926**	**(6,648,748)**	**20,981,474**
Segment liabilities	**4,350,655**	**1,974,392**	**7,133,845**	**4,447,447**	**(6,648,748)**	**11,257,591**
Net assets	**1,861,178**	**912,223**	**5,399,003**	**1,551,479**	**-**	**9,723,883**
Investment in associated companies	**171,501**	**499,445**	**2,704,497**	**231,280**	**-**	**3,606,723**
Additions to non-current assets	**244,138**	**421,006**	**887,326**	**13,299**	**-**	**1,565,769**
Depreciation and amortisation	**133,189**	**44,824**	**10,194**	**426**	**-**	**188,633**

Geographical information

	Singapore $'000	Far East & other ASEAN countries $'000	America $'000	Other countries $'000	Elimination $'000	Total $'000
External sales	**7,088,728**	**1,045,200**	**1,117,208**	**531,786**	**-**	**9,782,922**
Non-current assets	**7,155,063**	**1,300,191**	**161,592**	**548,242**	**-**	**9,165,088**

Information about a major customer

Revenue of $1,308,330,000 is derived from a single external customer and is attributable to Offshore & Marine division for the financial year ended 31 December 2010.

	Offshore & Marine $'000	Infrastructure $'000	Property $'000	Investments $'000	Elimination $'000	Total $'000
2009						
Revenue						
External sales	8,273,390	2,426,513	1,508,247	38,971	-	12,247,121
Inter-segment sales	-	170,229	2,591	57,921	(230,741)	-
Total	8,273,390	2,596,742	1,510,838	96,892	(230,741)	12,247,121
Segment Results						
Operating profit	1,003,907	126,474	371,181	(1,088)	4,317	1,504,791
Investment income	1,866	-	3,133	102	-	5,101
Interest income	33,195	7,833	44,581	126,416	(138,349)	73,676
Interest expenses	(3,691)	(12,688)	(84,947)	(82,381)	134,032	(49,675)
Share of results of associated companies	45,546	28,526	142,028	105,583	-	321,683
Profit before tax & exceptional items	1,080,823	150,145	475,976	148,632	-	1,855,576
Exceptional items	(22,565)	(169,330)	(30,546)	544,571	-	322,130
Profit before taxation	1,058,258	(19,185)	445,430	693,203	-	2,177,706
Taxation	(234,065)	(16,439)	(74,655)	(22,716)	-	(347,875)
Profit for the year	824,193	(35,624)	370,775	670,487	-	1,829,831
Attributable to:						
Shareholders of Company						
Profit before exceptional items	810,033	125,692	209,445	119,441	-	1,264,611
Exceptional items	(22,550)	(167,396)	4,270	546,182	-	360,506
	787,483	(41,704)	213,715	665,623	-	1,625,117
Non-controlling interests	36,710	6,080	157,060	4,864	-	204,714
	824,193	(35,624)	370,775	670,487	-	1,829,831
Other information						
Segment assets	5,807,974	2,887,191	9,983,553	4,907,752	(6,279,548)	17,306,922
Segment liabilities	4,250,761	2,017,490	5,503,550	3,102,096	(6,279,548)	8,594,349
Net assets	1,557,213	869,701	4,480,003	1,805,656	-	8,712,573
Investment in associated companies	108,940	182,213	2,199,896	232,120	-	2,723,169
Additions to non-current assets	239,822	69,108	404,500	467	-	713,897
Depreciation and amortisation	125,274	34,800	13,718	521	-	174,313

Geographical information

	Singapore $'000	Far East & other ASEAN countries $'000	America $'000	Other countries $'000	Elimination $'000	Total $'000
External sales	8,489,626	1,494,261	1,713,466	549,768	-	12,247,121
Non-current assets	6,708,057	1,068,854	170,310	74,485	-	8,021,706

Information about a major customer

No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2009.

35. Segment analysis (continued)

Note:

(a) The Group is organised into business units based on their products and services, and has four reportable operating segments: Offshore & Marine, Infrastructure, Property and Investments. The Investments division consists mainly of the Group's investments in k1 Ventures Ltd and M1 Limited.

(b) Pricing of inter-segment goods and services is at fair market value.

36. New accounting standards and recommended accounting practice

(a) At the date of authorisation of the financial statements, the following FRS, INT FRS and amendments to FRS that are relevant to the Group and the Company were issued but not yet effective:

FRS 24 (Revised)	Related Party Disclosures
Amendments to FRS 32	Financial Instruments: Presentation – Amendments relating to Classification of Rights Issues
Amendments to INT FRS 114	Prepayments of a Minimum Funding Requirement
INT FRS 115	Agreements for Construction of Real Estate
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments

The Directors anticipate that the adoption of the above FRS, INT FRS and amendments to FRS in future periods is not expected to have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

INT FRS 115 Agreements for Construction of Real Estate

INT FRS 115 is effective for annual periods beginning on or after 1 January 2011. The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of FRS 11 Construction Contracts or FRS 18 Revenue and when revenue from the construction of real estate should be recognised. In the period of initial adoption of the Interpretation, the method of recognising revenue among real estate developers for sales of units before construction is complete, may change.

The Interpretation is issued with an Accompanying Note that explains the application of the Interpretation to property development sales in Singapore by considering the Singapore legal framework.

When the Group applies INT FRS 115 in 2011 retrospectively, the 2010 comparatives for revenue and net profit are expected to decrease by approximately $38,805,000 and $7,933,000 respectively. The properties held for sale as at 31 December 2010 is also expected to decrease by approximately $192,237,000.

(b) RAP 11 Pre-Completion Contracts for the Sale of Development Property

RAP 11 is still applicable in Singapore as INT FRS 115 shall be effective from 1 January 2011 only. RAP 11 was issued by the Institute of Certified Public Accountants of Singapore in October 2005. In the RAP, it is mentioned that a property developer's sale and purchase agreement is not a construction contract as defined in FRS 11 Construction Contracts and the percentage of completion ("POC") method of recognising revenue, which is allowed under FRS 11 for construction contracts, may not be applicable for property developers. The relevant standard for revenue recognition by property developers is FRS 18 Revenue, which addresses revenue recognition generally for all types of entities. However, there is no clear conclusion in FRS 18 whether the POC method or the completion of construction ("COC") method is more appropriate for property developers.

The Group uses the POC method for recognising revenue from partly completed residential projects which are held for sale. Had the COC method been adopted, the impact on the financial statements of the Group will be as follows:

	2010 $'000	2009 $'000
Decrease in opening revenue reserve	**(265,157)**	(186,558)
Decrease in revenue recognised for the year	**(786,666)**	(82,514)
Decrease in profit for the year	**(99,194)**	(78,599)
Increase in carrying value of property held for sale		
Balance as at 1 January	**390,350**	28,686
Balance as at 31 December	**894,351**	390,350
Increase/(decrease) in non-controlling interests		
Balance as at 1 January	**(171,214)**	(195,582)
Share of profit for the year	**18,957**	24,368

37. Significant subsidiaries and associated companies

Information relating to significant subsidiaries consolidated in these financial statements and significant associated companies whose results are equity accounted for is given in the following pages.

	Gross Interest 2010 %	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Cost of Investment 2010 $'000	Cost of Investment 2009 $'000	Country of Incorporation /Operation	Principal Activities
OFFSHORE & MARINE							
Offshore							
Subsidiaries							
Keppel Offshore and Marine Ltd	100	100	100	801,720	801,720	Singapore	Investment holding
Keppel FELS Ltd	100	100	100	#	#	Singapore	Construction, fabrication and repair of offshore production facilities and drilling rigs, power barges, specialised vessels and other offshore production facilities
AmFELS Offshore Ltd(4)	100	100	100	#	#	BVI/Mexico	Holding of long-term investments
AzerFELS Pte Ltd	60	60	60	#	#	Singapore	Holding of long-term investments
Benniway Pte Ltd	88	88	88	#	#	Singapore	Holding of long-term investments
BrasFELS SA(1a)	100	100	100	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas sector, shipyard works and other general business activities
Caspian Shipyard Company Ltd(1a)	75	45	45	#	#	Azerbaijan	Construction and repair of offshore drilling rigs
Deepwater Technology Group Pte Ltd	100	100	100	#	#	Singapore	Research and experimental development on deepwater engineering
FELS Offshore Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
Fornost Ltd(1a)	100	100	100	#	#	HK	Holding of long-term investments and provision of procurement services
FSTP Brasil Ltda(1a)	75	75	75	#	#	Brazil	Procurement of equipment and materials for the construction of offshore production facilities
FSTP Pte Ltd	75	75	75	#	#	Singapore	Project management, engineering and procurement
Hygrove Investments Ltd(4)	100	100	100	#	#	BVI/HK	Investment holding
Keppel AmFELS, LLC(3) (formerly known as Keppel AmFELS Inc)	100	100	100	#	#	USA	Construction and repair of offshore drilling rigs and offshore production facilities
Keppel FELS Baltech Ltd(3)	100	100	100	#	#	Bulgaria	Marine and offshore engineering services
Keppel FELS Brasil SA(1a)	100	100	100	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas industry
Keppel FELS Offshore & Engineering Services Mumbai Pte Ltd(3)	100	100	100	#	#	India	Marine and offshore engineering services

	Gross Interest 2010 %	Effective Equity Interest 2010 %	2009 %	Cost of Investment 2010 $'000	2009 $'000	Country of Incorporation /Operation	Principal Activities
Keppel Norway A/S(1a)	100	100	100	#	#	Norway	Construction and repair of offshore drilling rigs and offshore production facilities
Keppel Offshore & Marine USA Inc(3)	100	100	100	#	#	USA	Offshore and marine-related services
Keppel Offshore & Marine Technology Centre Pte Ltd	100	100	100	#	#	Singapore	Research & development on marine and offshore engineering
Keppel Verolme BV(1a)	100	100	100	#	#	Netherlands	Construction and repair of offshore drilling rigs and shiprepairs
KV Enterprises BV(1a)	100	100	100	#	#	Netherlands	Holding of long-term investments
Marine & Offshore Protection & Preservation BV(1a)	100	100	100	#	#	Netherlands	Chamber blasting services and painting and coating works
Offshore Technology Development Pte Ltd	100	100	100	#	#	Singapore	Production of jacking systems
Prismatic Services Ltd(4)	100	100	100	#	#	BVI/Brazil	Project procurement
Regency Steel Japan Ltd(1a)	51	51	51	#	#	Japan	Sourcing, fabricating and supply of specialised steel components
Seafox 5 Ltd(n)	75	75	-	#	#	Isle of Man	Owning and leasing of offshore rigs and equipment
Topaz Atlantic Unlimited(n)(4)	100	100	-	#	-	BVI	Holding of long-term investments
Wideluck Enterprises Ltd (4)	100	100	100	#	#	BVI	Holding of long-term investments
Willalpha Ltd(4)	100	100	100	#	#	BVI/Vietnam	Holding of long-term investments
Associated Companies							
Asian Lift Pte Ltd	50	50	50	#	#	Singapore	Provision of heavy-lift equipment and related services
Keppel Kazakhstan LLP(3)	50	50	50	#	#	Kazakhstan	Construction and repair of offshore drilling units and structures and specialised vessels
Marine							
Subsidiaries							
Keppel Shipyard Ltd	100	100	100	#	#	Singapore	Shiprepairing, shipbuilding and conversions
Keppel Philippines Marine Inc(1a)	96	96	96	#	#	Philippines	Shipbuilding and repairing
Alpine Engineering Services Pte Ltd	100	100	100	#	#	Singapore	Marine contracting
Blastech Abrasives Pte Ltd	100	100	100	#	#	Singapore	Marine contracting
Keppel Nantong Shipyard Company Limited(3)	100	100	100	#	#	China	Engineering and construction of specialised vessels

Significant Subsidiaries and Associated Companies

	Gross Interest 2010 %	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Cost of Investment 2010 $'000	Cost of Investment 2009 $'000	Country of Incorporation /Operation	Principal Activities
Keppel Singmarine Pte Ltd	100	100	100	#	#	Singapore	Shipbuilding and repairing
Keppel Singmarine Brasil Ltda(n)(1a)	100	100	-	#	#	Brazil	Shipbuilding
Keppel Smit Towage Pte Ltd	51	51	51	#	#	Singapore	Provision of towage services
KS Investments Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
KSI Production Pte Ltd(4)	100	100	100	#	#	BVI/Norway	Holding of long-term investments
Maju Maritime Pte Ltd	51	51	51	#	#	Singapore	Provision of towage services
Marine Technology Development Pte Ltd	100	100	100	#	#	Singapore	Provision of technical consultancy for ship design and engineering works
Subic Shipyard & Engineering Inc(1a)	87+	84+	44+	3,020	3,020	Philippines	Shipbuilding and repairing
Associated Companies							
Arab Heavy Industries Public Joint Stock Company(3)	33	33	33	#	#	UAE	Shipbuilding and repairing
Consort Land Inc(1a)	49+	39+	32+	55	54	Philippines	Land holding company and power distributor
Kejora Resources Sdn Bhd(3)	49	25	25	#	#	Malaysia	Chartering tugs and other marine services
Nakilat-Keppel Offshore & Marine Ltd(3)	20	20	20	#	#	Qatar	Shiprepairing
INFRASTRUCTURE							
Power Generation							
Subsidiaries							
Keppel Energy Pte Ltd	100	100	100	330,914	330,914	Singapore	Investment holding
Dawley Developments Ltd(4)	100	100	100	#	#	BVI/HK	Holding of long-term investments
Keppel Electric Pte Ltd	100	100	100	#	#	Singapore	Electricity, energy and power supply, investment holding and general wholesale trade
Keppel Gas Pte Ltd	100	100	100	#	#	Singapore	Purchase and sale of gaseous fuels
Keppel Merlimau Cogen Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments, generation and supply of electricity
New Energy Industrial Ltd(4)	100	100	100	#	#	BVI/Ecuador	Holding of long-term investments
Okachi Investments Ltd(4)	100	100	100	#	#	BVI/HK	Holding of long-term investments
Termoguayas Generation SA(1a)	100	100	100	#	#	Ecuador	Commercial power generation

	Gross Interest 2010 %	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Cost of Investment 2010 $'000	Cost of Investment 2009 $'000	Country of Incorporation /Operation	Principal Activities
Environmental Engineering							
Subsidiaries							
Keppel Integrated Engineering Ltd	100	100	100	540,290	272,554	Singapore	Investment holding
Keppel Seghers Engineering Singapore Pte Ltd	100	100	100	#	#	Singapore	Fabrication of steel structures, mechanical and electrical works and engineering services specialising in treatment plants
Brixworth Group Ltd(4)	100	100	100	#	#	BVI/Qatar	Trading in industrial goods
FELS Cranes Pte Ltd	100	100	100	#	#	Singapore	Fabrication of heavy cranes and provision of marine-related equipment
Keppel DHCS Pte Ltd	100	100	100	#	#	Singapore	Development of district cooling system for the purpose of air cooling and other utility services
Keppel FMO Pte Ltd	100	100	100	#	#	Singapore	Construction, project and facilities management and operational maintenance of industrial and commercial complexes
Keppel Prince Engineering Pty Ltd(2a)	100	100	100	#	#	Australia	Metal fabrication
Keppel Sea Scan Pte Ltd	100	100	100	#	#	Singapore	Trading and installation of hardware, industrial, marine and building-related products, leasing and provision of services
Keppel Seghers Belgium NV(1a)	100	100	100	#	#	Belgium	Provider of services and solutions to the environmental industry related to solid waste, waste-water and sludge management
Keppel Seghers UK Ltd(1a)	100	100	100	#	#	United Kingdom	Design, supply and installation of Flue Gas treatment equipment
Keppel Seghers Holdings Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Seghers Hong Kong Ltd(1a)	100	100	100	#	#	HK	Engineering contracting and investment holding
Associated Companies							
GE Keppel Energy Services Pte Ltd(2)	50	50	50	#	#	Singapore	Precision engineering, repair, services and agencies
K-Green Trust	49	49	100	#	#	Singapore	Infrastructure business trust
Tianjin Eco-City Energy Investment & Construction Co Ltd(3)	20	20	20	#	#	China	Investment and implementation of energy and utilities related infrastructure
Tianjin Eco-City Environmental Protection Co Ltd(3)	20	20	20	#	#	China	Investment, construction and operation of infrastructure for environmental protection

Significant Subsidiaries and Associated Companies

	Gross Interest 2010 %	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Cost of Investment 2010 $'000	Cost of Investment 2009 $'000	Country of Incorporation /Operation	Principal Activities
Network & Logistics							
Subsidiaries							
Keppel Telecommunications & Transportation Ltd(2)	80	80	80	397,647	397,647	Singapore	Investment, management and holding company
Keppel Data Centres Pte Ltd(2) (formerly known as DataOne Asia Pte Ltd)	100	80	80	#	#	Singapore	Investment holding
ECHO Broadband Gmbh(2a)	100	80	80	#	#	Germany	Broadband network services
Keppel Communications Pte Ltd(2)	100	80	80	#	#	Singapore	Trading and provision of communications systems and accessories
Keppel Logistics (Foshan) Ltd(3)	70	56	56	#	#	China	Shipping operations, warehousing and distribution
Keppel Logistics Pte Ltd(2)	100	80	80	#	#	Singapore	Warehousing and distribution
Keppel Telecoms Pte Ltd(2)	100	80	80	#	#	Singapore	Telecommunications services and investment holding
Transware Distribution Services Pte Ltd(2)	50	40	40	#	#	Singapore	Warehousing and distribution
Associated Companies							
Advanced Research Group Co Ltd(2a)	45	36	36	#	#	Thailand	IT publication and business information
Asia Airfreight Terminal Company Ltd(3)	10	8	8	#	#	HK	Operation of air cargo handling terminal
Citadel 100 Datacenters Ltd(3)	50	40	40	#	#	Ireland	Provision of data centre facilities and co-location services
Computer Generated Solutions Inc(3)	21	17	17	#	#	USA	IT consulting and outsourcing provider
Radiance Communications Pte Ltd(2)	50	40	40	#	#	Singapore	Distribution and maintenance of communications equipment and systems
SVOA Public Company Ltd(2a)	32	26	26	#	#	Thailand	Distribution of IT products and telecommunications services
Trisilco Folec Sdn Bhd(2a)	30	24	24	#	#	Malaysia	Trading and provision of communications systems and accessories
Trisilco Radiance Communications Sdn Bhd(2a)	40	32	32	#	#	Malaysia	Sales, installation and maintenance of telecommunications systems, equipment and accessories
Wuhu Annto Logistics Company Ltd(3)	35	28	28	#	#	China	Transportation, warehousing and distribution

	Gross Interest 2010 %	Effective Equity Interest 2010 %	2009 %	Cost of Investment 2010 $'000	2009 $'000	Country of Incorporation /Operation	Principal Activities
PROPERTY							
Subsidiaries							
Keppel Land Ltd(2)	52	52	52	1,390,051	1,330,220	Singapore	Holding, management and investment company
K-REIT Asia(2)	76	54	54	#	#	Singapore	Real estate investment trust
Keppel Bay Pte Ltd	100+	86+	86+	626	626	Singapore	Property development
Keppel Philippines Properties Inc(2a)	79+	55+	55+	493	493	Philippines	Investment holding
Acresvale Investment Pte Ltd(2)	100	52	52	#	#	Singapore	Property development and investment
Aintree Assets Ltd(4)	100	52	52	#	#	BVI/Asia	Investment holding
Alpha Investment Partners Ltd(2)	100	52	52	#	#	Singapore	Fund management
Avenue Park Development(2)	52	27	27	#	#	Singapore	Property development
Bayfront Development Pte Ltd(2)	100	52	52	#	#	Singapore	Investment holding
Beijing Kingsley Property Development Co Ltd(3)	100	52	52	#	#	China	Property development
Bintan Bay Resort Pte Ltd(2)	90	47	47	#	#	Singapore	Investment holding
Boulevard Development Pte Ltd(2)	100	52	52	#	#	Singapore	Investment holding
Changzhou Fushi Housing Development Pte Ltd(3)	100	52	52	#	#	China	Property development
Chengdu Hillwest Development Co Ltd(3)	100	52	52	#	#	China	Property development
Da Di Investment Pte Ltd(2)	100	52	52	#	#	Singapore	Investment holding
Devonshire Development Pte Ltd(2)	60	31	31	#	#	Singapore	Property development
DL Properties Ltd(2)	65	34	34	#	#	Singapore	Property investment
Double Peak Holdings Ltd(4)	100	52	52	#	#	BVI/ Singapore	Investment holding
Dovesdale Development Pte Ltd(2)	100	52	52	#	#	Singapore	Investment holding
Estella JV Co Ltd(2a)	55	29	29	#	#	Vietnam	Property development
Evergro Properties Ltd(2)	100	52	52	#	#	Singapore	Property investment and development
Hillwest Pte Ltd(2)	100	52	52	#	#	Singapore	Investment holding
International Centre(1a)	79	58	53	#	#	Vietnam	Property investment
Jiangyin Evergro Properties Co Ltd(3)	99	52	43	#	#	China	Property development
KeplandeHub Ltd(2)	100	52	52	#	#	Singapore	Investment holding
Keppel Al Numu Development Ltd(2a)	51	27	27	#	#	Singapore/ Saudi Arabia	Property development

Significant Subsidiaries and Associated Companies

	Gross Interest 2010 %	Effective Equity Interest 2010 %	2009 %	Cost of Investment 2010 $'000	2009 $'000	Country of Incorporation /Operation	Principal Activities
Keppel Bay Property Development (Shenyang) Co Ltd(n)(2a)	80	42	-	#	-	China	Property development
Keppel China Township Development Pte Ltd(2)	100	52	52	#	#	Singapore	Investment holding
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd(3)	100	74	74	#	#	China	Property development
Keppel Land China Pte Limited	100	52	52	#	#	Singapore	Investment holding
Keppel Land (Mayfair) Pte Ltd(2)	100	52	52	#	#	Singapore	Property development and investment
Keppel Land (Saigon Centre) Ltd(3)	100	52	52	#	#	HK	Investment holding
Keppel Land (Tower D) Pte Ltd(2)	100	52	52	#	#	Singapore	Property development and investment
Keppel Land Financial Services Pte Ltd(2)	100	52	52	#	#	Singapore	Financial services
Keppel Land International Ltd(2)	100	52	52	#	#	Singapore	Property services
Keppel Land Properties Pte Ltd(2)	100	52	52	#	#	Singapore	Investment holding
Keppel Land Realty Pte Ltd(2)	100	52	52	#	#	Singapore	Property development and investment
Keppel Land Watco I Co Ltd(3)	68	35	35	#	#	Vietnam	Property investment and development
Keppel Puravankara Development Pvt Ltd(3)	51	27	27	#	#	India	Property development
Keppel Thai Properties Public Co Ltd(2a)	45	23	23	#	#	Thailand	Property development and investment
Keppel Tianjin Eco-City Investment Pte Ltd(2)	100	74	74	41,010	-	Singapore	Investment holding
Keppel Township Development (Shenyang) Co Ltd(3)	100	52	52	#	#	China	Property development
K-REIT Asia Investment Pte Ltd(2)	100	52	52	#	#	Singapore	Investment holding
K-REIT Asia Management Ltd(2)	100	52	52	#	#	Singapore	Property fund management
K-REIT Asia Property Management Ltd(2)	100	52	52	#	#	Singapore	Property management services
Le Vision Pte Ltd(2)	100	52	52	#	#	Singapore	Investment holding
Mansfield Developments Pte Ltd(2)	100	52	52	#	#	Singapore	Investment holding
Merryfield Investment Pte Ltd(2)	100	52	52	#	#	Singapore	Investment holding
Ocean & Capital Properties Pte Ltd(2)	100	52	52	#	#	Singapore	Property and investment holding
Ocean Properties Pte Ltd(2)	88	46	40	#	#	Singapore	Property investment
OIL (Asia) Pte Ltd(2)	100	52	52	#	#	Singapore	Investment holding

	Gross Interest 2010 %	Effective Equity Interest 2010 %	2009 %	Cost of Investment 2010 $'000	2009 $'000	Country of Incorporation /Operation	Principal Activities
Pembury Properties Ltd(4)	100	52	52	#	#	BVI/ Singapore	Investment holding
PT Kepland Investama(1a)	100	52	52	#	#	Indonesia	Property investment and development
PT Mitra Sindo Makmur(1a)	51	27	27	#	#	Indonesia	Property development and investment
PT Mitra Sindo Sukses(1a)	51	27	27	#	#	Indonesia	Property development and investment
PT Ria Bintan(1a)	100	24	24	#	#	Indonesia	Golf course ownership and operation
PT Sentral Supel Perkasa(2a)	80	42	42	#	#	Indonesia	Property investment and development
PT Sentral Tanjungan Perkasa(2a)	80	42	42	#	#	Indonesia	Property development
PT Straits-CM Village(1a)	100	20	20	#	#	Indonesia	Hotel ownership and operations
Quang Ba Royal Park JV Co(3)	70	36	34	#	#	Vietnam	Property investment
Riviera Cove JV LLC(2a)	60	31	31	#	#	Vietnam	Property development
Riviera Point LLC(2)	75	39	39	#	#	Vietnam	Property investment
Saigon Centre Holdings Pte Ltd(2)	100	52	52	#	#	Singapore	Investment holding
Saigon Riviera JV Co Ltd(2a)	90	47	47	#	#	Vietnam	Property development
Saigon Sports City(2a)	100	47	47	#	#	Vietnam	Property development
Shanghai Floraville Land Co Ltd(3)	99	51	51	#	#	China	Property development
Shanghai Hongda Property Development Co Ltd(3)	100	52	52	#	#	China	Property development
Shanghai Merryfield Land Co Ltd(3)	99	51	51	#	#	China	Property development
Shanghai Minghong Property Co Ltd(3)	99	51	51	#	#	China	Property development
Shanghai Pasir Panjang Land Co Ltd(3)	99	51	51	#	#	China	Property development
Sherwood Development Pte Ltd(2)	100	52	52	#	#	Singapore	Property development
Spring City Resort Pte Ltd(2)	100	52	52	#	#	Singapore	Investment holding
Straits Greenfield Ltd(3)	100	52	52	#	#	Myanmar	Hotel ownership and operations
Straits Properties Ltd(2)	100	52	52	#	#	Singapore	Property development and investment
Straits Property Investments Pte Ltd(2)	100	52	52	#	#	Singapore	Investment holding
Success View Enterprises Ltd(4)	55	29	29	#	#	BVI/China	Investment holding
Sunsea Yacht Club (Zhongshan) Co Ltd(3)	100	52	52	#	#	China	Development of marina lifestyle cum residential properties
Tat Chuan Development (Pte) Ltd(2)	100	52	52	#	#	Singapore	Property development
Third Dragon Development Pte Ltd(2)	100	52	52	#	#	Singapore	Investment holding and marketing agent

	Gross Interest 2010 %	Effective Equity Interest 2010 %	2009 %	Cost of Investment 2010 $'000	2009 $'000	Country of Incorporation /Operation	Principal Activities
Tianjin Fushi Property Devt Co Ltd(3)	100	52	52	#	#	China	Property development
Tianjin Merryfield Property Development Co Ltd(3)	100	52	52	#	#	China	Property development
Wiseland Investment Myanmar Ltd(3)	100	52	52	#	#	Myanmar	Hotel ownership and operations
FELS Property Holdings Pte Ltd	100	100	100	70,214	70,214	Singapore	Investment holding
Brightway Property Pte Ltd	100	100	100	#	#	Singapore	Under liquidation
FELS SES International Pte Ltd	98+	90+	90+	48	7	Singapore	Investment holding
Petro Tower Ltd(3)	76	68	68	#	#	Vietnam	Property investment
Alpha Real Estate Securities Fund	98	98	98	#	#	Singapore	Investment holding
Esqin Pte Ltd	100	100	100	11,001	11,001	Singapore	Investment holding
Harbourfront One Pte Ltd	70	65	65	#	#	Singapore	Property development
Keppel Group Eco-City Investments Pte Ltd	100+	83+	83+	40,948	14,510	Singapore	Investment holding
Keppel (USA) Inc(4)	100	100	100	7,117	7,117	USA	Investment holding
Keppel Houston Group LLC(4)	100	86	86	#	#	USA	Property investment
Keppel Kunming Resort Ltd(3)	100	100	100	4	4	HK	Property investment
Keppel Point Pte Ltd	100+	86+	86+	122,785	122,785	Singapore	Property development and investment
Keppel Real Estate Investment Pte Ltd	100	100	100	50,000	50,000	Singapore	Investment holding
Singapore Tianjin Eco-City Investment Holdings Pte Ltd	90	75	83	#	#	Singapore	Investment holding
Substantial Enterprises Ltd(4)	100+	83+	83+	#	#	BVI/China	Investment holding
Associated Companies							
Asia No. 1 Property Fund Ltd(1a)	10	5	5	#	#	Guernsey	Property investment
Asia Real Estate Fund Management Ltd(2)	50	26	26	#	#	Singapore	Fund management
BFC Development Pte Ltd(2)	33	18	17	#	#	Singapore	Property development
Bugis City Holdings Pte Ltd(2)	-	-	16	-	#	Singapore	Liquidated
Central Boulevard Development Pte Ltd(2)	33	17	17	#	#	Singapore	Property development
CityOne Development (Wuxi) Co Ltd(3)	50	26	26	#	#	China	Property development
CityOne Township Development Pte Ltd(2)	50	26	26	#	#	Singapore	Investment holding
Dong Nai Waterfront City LLC(2a)	50	26	26	#	#	Vietnam	Property development
EM Services Pte Ltd(3)	25	13	13	#	#	Singapore	Property management

	Gross Interest 2010 %	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Cost of Investment 2010 $'000	Cost of Investment 2009 $'000	Country of Incorporation /Operation	Principal Activities
Harbourfront Three Pte Ltd(3)	39	33	33	#	#	Singapore	Property development
Harbourfront Two Pte Ltd(3)	39	33	33	#	#	Singapore	Property development
Keppel Magus Development Pvt Ltd(3)	38	20	20	#	#	India	Property development
Kingsdale Development Pte Ltd(2)	50	26	26	#	#	Singapore	Investment holding
One Raffles Quay Pte Ltd(2)	33	18	17	#	#	Singapore	Property development
Parksville Development Pte Ltd(2)	50	26	26	#	#	Singapore	Property investment
PT Pantai Indah Tateli(2a)	50	26	26	#	#	Indonesia	Property development
PT Pulomas Gemala Misori(3)	25	13	13	#	#	Indonesia	Property development
PT Purimas Straits Resort(3)	25	13	13	#	#	Indonesia	Development of holiday resort
PT Purosani Sri Persada(3)	20	10	10	#	#	Indonesia	Property investment
Renown Property Holdings (M) Sdn Bhd(2a)	40	21	21	#	#	Malaysia	Property investment
SAFE Enterprises Pte Ltd(3)	25	13	13	#	#	Singapore	Investment holding
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd(1a)	50	37	42	#	#	China	Property development

INVESTMENTS

Subsidiaries

Keppel Philippines Holdings Inc(2a)	54+	54+	54+	-	-	Philippines	Investment holding
China Canton Investments Ltd	75	75	75	#	#	Singapore	Investment holding
Kep Holdings Ltd(4)	100+	100+	100+	10,480	10,480	BVI/HK	Investment company
Kephinance Investment (Mauritius) Pte Ltd(3)	100	100	100	#	#	Mauritius	Investment holding
Kephinance Investment Pte Ltd	100	100	100	90,000	90,000	Singapore	Investment holding
Kepital Management Ltd(3)	100	100	100	#	#	HK	Investment company
Kepmount Shipping (Pte) Ltd	-	-	100	-	4,000	Singapore	Strike-off
Keppel Investment Ltd	100	100	100	#	#	Singapore	Investment company
Keppel Oil & Gas Services Pte Ltd	-	-	100	-	116,609	Singapore	Strike-off
Kepventure Pte Ltd	100	100	100	48,526	30,650	Singapore	Investment holding
KI Investments (HK) Ltd(3)	100	100	100	#	#	HK	Investment company
KV Management Pte Ltd	100	100	100	250	250	Singapore	Fund management
Travelmore Pte Ltd	100	100	100	265	265	Singapore	Travel agency
The Vietnam Investment Fund (Singapore) Ltd	100	100	56	#	#	Singapore	Venture capital fund

	Gross Interest 2010 %	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Cost of Investment 2010 $'000	Cost of Investment 2009 $'000	Country of Incorporation /Operation	Principal Activities
Associated Companies							
k1 Ventures Ltd	36	36	36	#	#	Singapore	Investment holding
M1 Limited(2) (formerly known as MobileOne Ltd)	20	16	16	#	#	Singapore	Telecommunications services
Total							
Subsidiaries				3,957,409	3,662,066		
Associated Companies				55	3,074		

Notes:

(i) All the companies are audited by Deloitte & Touche LLP, Singapore except for the following:
(1a) Audited by overseas practice of Deloitte & Touche LLP;
(2) Audited by Ernst & Young LLP, Singapore;
(2a) Audited by overseas practice of Ernst & Young LLP;
(3) Audited by other firms of auditors (not significant associated companies and foreign subsidiaries); and
(4) Not required to be audited by law in the country of incorporation and companies disposed, liquidated and struck off.
In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company.

(ii) + The shareholdings of these companies are held jointly with other subsidiaries.

(iii) # The shareholdings of these companies are held by subsidiaries of Keppel Corporation Limited.

(iv) (n) These companies were incorporated during the financial year.

(v) The subsidiaries' place of business is the same as its country of incorporation, unless otherwise specified.

(vi) Abbreviations:

British Virgin Islands (BVI)	United Arab Emirates (UAE)
Hong Kong (HK)	United States of America (USA)

(vii) The Company has 220 significant subsidiaries and associated companies as at 31 December 2010. Subsidiaries and associated companies are considered as significant (a) in accordance to Rule 718 of The Singapore Exchange Securities Trading Limited – Listing Rules, or (b) by reference to the significance of their economic activities.

Interested Person Transactions

During the financial year, the following interested person transactions were entered into by the Group:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Transaction for the Sale of Goods and Services				
Certis CISCO Security Pte Ltd	**-**	-	**2,400**	-
Gas Supply Pte Ltd	**-**	-	**19,300**	25,420
Mount Faber Leisure Group	**-**	-	**-**	142
SembCorp Industries Group	**-**	-	**-**	482
SembCorp Marine Group	**-**	-	**1,988**	2,179
Singapore Airlines Group	**-**	-	**14,500**	10,500
Singapore Airport Terminal Services Group	**-**	-	**21,000**	-
Transaction for the Purchase of Goods and Services				
Gas Supply Pte Ltd	**-**	-	**40,000**	28,500
Mapletree Investments Pte Ltd	**-**	-	**668**	570
SembCorp Industries Group	**-**	-	**-**	2,500
Divestment Transaction				
Singbridge International Singapore Pte Ltd	**10,582**	-	**-**	-
Total Interested Person Transactions	**10,582**	-	**99,856**	70,293

Save for the interested person transactions disclosed above, there were no other material contracts entered into by the Company and its subsidiaries involving the interests of its chief executive officer, directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

Directors and Key Executives

Lee Boon Yang, 63
Chairman and Independent Director
B.V.Sc Hon (2A), University of Queensland, 1971.

Chairman of Keppel Corporation Limited with effect from 1 July 2009 (Director since 2009; date of last re-election: 23 April 2010). An independent and non-executive Director, he is a member of the Remuneration, Nominating and Board Safety Committees.

After graduation, he worked as a veterinarian and R&D Officer in the government's Primary Production Department from 1972 to 1981. In 1981, he joined the regional office of the US Feed Grains Council as Assistant Regional Director. A year later, he joined the Primary Industries Enterprise Pte Ltd as Senior Manager (Projects).

In 1984, he stood as a candidate in the Singapore General Elections. Since then he held the Jalan Besar parliamentary seat for six consecutive terms. In 1985, he was appointed Parliamentary Secretary to the Minister for the Environment and the Minister for Communications and Information. Subsequently he served as Parliamentary Secretary to the Minister for Finance and the Minister for Home Affairs.

In 1986, he was appointed Minister of State for Trade and Industry and Home Affairs. A year later he relinquished his portfolio as Minister of State for Trade and Industry and took on the appointment of Minister of State for National Development.
In 1988, he was appointed Senior Minister of State for National Development and Home Affairs. He was also appointed the Government Whip.

In November 1990, he was appointed Senior Minister of State for Defence. He was appointed Minister in the Prime Minister's Office in July 1991, concurrently holding the post of Second Minister for Defence.

In January 1992, he relinquished his post as Minister in the Prime Minister's Office and took on the appointments of Minister for Labour and Second Minister for Defence. In 1994, he was appointed Minister for Defence and Minister for Labour (The Labour Ministry was later reorganised into the Ministry of Manpower in 1998). He relinquished his Defence portfolio in August 1995.

In May 2003, he relinquished the Manpower portfolio to serve as Minister for Information, Communications and the Arts. He retired from political office on 31 Mar 2009. He continues to serve as MP for Jalan Besar GRC.

Lim Hock San, 64
Deputy Chairman and Independent Director
Bachelor of Accountancy, University of Singapore; Master of Science, MIT Sloan School of Management; Advanced Management Program, Harvard Business School; Fellow, Chartered Institute of Management Accountants (UK).

Deputy Chairman with effect from 1 July 2009 (Director since 1989; date of last re-election: 23 April 2010), he is an independent and non-executive Director. Mr Lim is also Chairman of the Audit Committee, Chairman of the Remuneration Committee and a member of the Board Risk Committee.

Mr Lim is the CEO of United Industrial Corporation Ltd and Singapore Land Ltd. He is also Chairman of Gallant Ventures Ltd, the National Council Against Problem Gambling and Ascendas Pte Ltd. Mr Lim also sits on the board of Indofood Agri Resources Ltd. Mr Lim previously served as the Director-General of Civil Aviation (1980-1992) and was past President of the Institute of Certified Public Accountants of Singapore.

Choo Chiau Beng, 63
Chief Executive Officer
Bachelor of Science (First Class Honours), University of Newcastle upon Tyne (awarded the Colombo Plan Scholarship to study Naval Architecture); Master of Science in Naval Architecture, University of Newcastle upon Tyne; attended the Programme for Management Development in Harvard Business School in 1982 and is a Member of the Wharton Society of Fellows, University of Pennsylvania.

Appointed as Chief Executive Officer on 1 January 2009 (Director since 1983; date of last re-election: 24 April 2009). Member of the Board Safety Committee.

Mr Choo is Chairman of Keppel Offshore & Marine Ltd, Keppel Land Limited and Keppel Energy Pte Ltd. He is also a director of k1 Ventures Limited.

Mr Choo started his career with Keppel Shipyard as a Ship Repair Management Trainee in 1971 and was appointed Executive Director of Singapore Slipway in 1973. In 1975, when Keppel set up its shipyard in the Philippines, he was posted there to assume the position of Executive Vice President and CEO of the company for a period of four years. He joined Keppel FELS (formerly known as Far East Levingston Shipbuilding Ltd) in 1980 as Assistant General Manager and was appointed as director to the board of the company. He was promoted to Deputy Managing Director in November 1981 and to Managing Director in March 1983. In 1994, he was appointed Deputy Chairman and in 1997, Chairman of the company.

He is a Board Member of Energy Studies Institute, a Board and Council Member of American Bureau of Shipping and Chairman of Det Norske Veritas South East Asia Committee. He is a member of the American Bureau of Shipping's Southeast Asia Regional Committee, Special Committee on Mobile Offshore Drilling Units and Singapore University of Technology and Design's Board of Trustee.

Mr Choo was conferred the Public Service Star Award (BBM) in August 2004, The Meritorious Service Award in 2008 and The NTUC Medal of Commendation (Gold) Award in May 2007.

He is Singapore's Non-Resident Ambassador to Brazil.

Sven Bang Ullring, 75
Independent Director
Master of Science, Swiss Federal Institute of Technology (ETH), Zurich.

Appointed to the Board in 2000 (date of last re-election: 23 April 2010). An independent and non-executive Director, he is Chairman of the Board Safety Committee and a member of the Nominating and Remuneration Committees.

Mr Ullring was President and Chairman of the Executive Board of Det Norske Veritas, Oslo from 1985-2000 and President and CEO of NORCONSULT, Oslo from 1981-1985. He worked for SKANSKA, Malmo, Sweden from 1962-1981 in Africa, Asia, Europe and the Americas; from 1972-1981 he was Director of the International Department.

Mr Ullring is Chairman of the Board of The Fridtjof Nansen Institute, Oslo, Norway, Chairman of the Maritime and Port Authority of Singapore's Third Maritime and Research and Development Advisory Panel and Chairman of the Board of Transparency International (Norway).

Tony Chew Leong-Chee, 64
Independent Director
Trained as an agronomist at Ko Plantations Berhad and Serdang Agricultural College in Malaysia from 1966 to 1970.

Appointed to the Board in 2002 (date of last re-election: 25 April 2008). An independent and non-executive Director, he is Chairman of the Nominating Committee and a member of the Audit Committee.

Mr Chew is Executive Chairman of Asia Resource Corporation and Chairman of KFC Vietnam. He also serves on the boards of Macondray Corporation, Air Alliance Pte Ltd, SBF Holdings Pte Ltd and SBF-PICO Events Pte Ltd, amongst others.

From 1966, he worked at Sri Gading Estates in Malaysia, Guthrie Trading in Singapore, and the Sampoerna Group of Indonesia. In 1975, he ventured out, becoming an entrepreneur, and built a group of companies in the region which became Asia Resource Corporation.

He plays an active role in promoting regional business, having served on the Trade Development Board, Economic Review Sub-Committee for Entrepreneurship and Internationalisation, Regional Business Forum, and the GPC Resource Panel for Finance, Trade and Industry. He is presently Chairman of Singapore Business Federation as well as Governing Board of Duke-NUS Graduate Medical School Singapore. He is also Governing Board member of the Economic Research Institute for ASEAN and East Asia, the Chinese Development Assistance Council Board of Trustees, Advisor to the Singapore Institute of International Affairs, and served on the Economic Strategies Committee. He is a Public Service Award recipient.

Oon Kum Loon, 60
Independent Director
Bachelor of Business Administration (Honours) from the University of Singapore.

Appointed to the Board in 2004 (date of last re-election: 23 April 2010). An independent and non-executive Director, she is Chairperson of the Board Risk Committee and a member of the Audit and Remuneration Committees.

Mrs Oon is a veteran banker with about 30 years of extensive experience, having held a number of management and executive positions with the DBS Group. She was the Chief Financial Officer (CFO) of the bank until September 2003.

Prior to serving as CFO, she was the Managing Director & Head of Group Risk Management, responsible for the development and implementation of a group-wide integrated risk management framework.

During her career with the bank, Mrs Oon was also involved with treasury and markets, corporate finance and credit management activities.

Her other directorships include China Resources Microelectronics Limited, Keppel Land Limited, Singapore Power Ltd and Aviva Ltd.

Tow Heng Tan, 55
Non-Independent and Non-Executive Director
Fellow of the Association of Chartered Certified Accountants as well as the Chartered Institute of Management Accountants.

Appointed to the Board in 2004 (date of last re-election: 27 April 2007). A non-executive Director and a member of the Nominating, Remuneration and Board Risk Committees.

Mr Tow has an extensive business career spanning the management consultancy, investment banking and stockbroking industries. He is currently the Chief Investment Officer of Temasek Holdings (Private) Ltd (Temasek Holdings).

Prior to joining Temasek Holdings in September 2002, he was Senior Director of Business Development at DBS Vickers Securities (Singapore) Pte Ltd. From 1993 to 2001, Mr Tow was Managing Director of Lum Chang Securities Pte Ltd.

Mr Tow also sits on the board of ComfortDelGro Corporation Limited, among others.

Alvin Yeo Khirn Hai, 49
Independent Director
LLB Honours, King's College London, University of London.

Appointed to the Board in 2009 (date of last re-election: 23 April 2010), Mr Alvin Yeo is an independent and non-executive Director. He is a member of the Audit and Board Risk Committees.

Mr Yeo is the Senior Partner of WongPartnership LLP. He was admitted to the English Bar in 1987 and to the Singapore Bar in 1988. In January 2000, Mr Yeo became the youngest lawyer to be appointed Senior Counsel.

Mr Yeo is a member of the Monetary Authority of Singapore advisory panel to advise the Minister on appeals under various financial services legislation, the Singapore International Arbitration Centre's Council of Advisors, and a Fellow of the Singapore Institute of Arbitrators. He is a Member of Parliament and Chairman of the Government Parliamentary Committee for Home Affairs and Law.

Mr Yeo is a director and Chairman of the Remuneration Committees of United Industrial Corporation Limited and Singapore Land Limited. He is also a director of Tuas Power Ltd, Tuas Power Generation Pte Ltd and Thomas Medical Centre Ltd. He was a former member of the Senate of the Academy of Law, the Council of the Law Society, and the board of the Civil Service College.

Tan Ek Kia, 63
Independent Director
BSc Mechanical Engineering (First Class Hons), Nottingham University, United Kingdom; Management Development Programme, International Institute for Management Development, Lusanne, Switzerland; Fellow of the Institute of Engineers, Malaysia; Professional Engineer, Board of Engineers, Malaysia; Chartered Engineer of Engineering Council, United Kingdom and Member of Institute of Mechanical Engineer, United Kingdom.

Appointed to the Board on 1 October 2010, Mr Tan is an independent and non-executive Director. He is also a member of the Nominating and Board Safety Committees.

Mr Tan is a seasoned executive in the oil and gas and petrochemicals business, with more than 30 years of experience in design, engineering and construction, project management, health, safety and environment, production, logistics, procurement and drilling operations management, business management and development, joint venture management and governance, and organisation change/transformation. He has worked in different countries and cultures.

Prior to his retirement as the Vice President (Ventures and Developments) of Shell Chemicals, Asia Pacific and Middle East region (based in Singapore) in September 2006, he held senior positions in Shell including Managing Director (Exploration and Production) of Shell Malaysia, Chairman of Shell North East Asia and Managing Director of Shell Nanhai Ltd (both based in Beijing, China).

His other directorships include PT Chandra Asli Petrochemical Tbk, SMRT Corporation Ltd, CitiSpring Infrastructure Management Pte Ltd,, Keppel Offshore & Marine Ltd and Dialog Systems (Asia) Pte Ltd. Mr Tan is also Chairman of City Gas Pte Ltd, a wholly owned subsidiary of CitySpring.

Danny Teoh, 56
Independent Director
Member of the Institute of Chartered Accountants in England & Wales.

Appointed to the Board on 1 October 2010, Mr Teoh is an independent and non-executive Director. He is also a member of the Audit and Remuneration Committees.

Mr Teoh spent 27 years in KPMG LLP, Singapore and over the years, held various senior positions including member of KPMG's International Board and Council, Head of Audit and Risk Advisory Services and Head of Financial Services. He was the Managing Partner of KPMG LLP, Singapore from 2005 until his retirement in September 2010.

His other directorships include DBS Group Holdings Ltd, DBS Bank Ltd, Changi Airport Group (Singapore) Pte Ltd and JTC. He chairs the Audit Committee and is a member of the Board Risk Management Committee of DBS Group Holdings Ltd.

Teo Soon Hoe, 61
Senior Executive Director and Group Finance Director
Bachelor of Business Administration, University of Singapore; Member of the Wharton Society of Fellows, University of Pennsylvania.

Appointed to the Board in 1985 (date of last re-election: 25 April 2008). A Senior Executive Director and the Group Finance Director.

Mr Teo is Chairman of Keppel Telecommunications & Transportation Ltd, M1 Limited and Keppel Philippines Holding Inc. In addition, he is a director of several other companies within the Keppel Group, including Keppel Land Limited, Keppel Offshore & Marine Ltd, Keppel Infrastructure Fund Management Pte Ltd (the Trustee-Manager of K-Green Trust), Keppel Energy Pte Ltd, Singapore Tianjin Eco-City Investment Holdings Pte. Ltd. and k1 Ventures Limited.

Mr Teo began his career with the Keppel Group in 1975 when he joined Keppel Shipyard. He rose through the ranks and was seconded to various subsidiaries of the Keppel Group before assuming the position of Group Finance Director in 1985.

Tong Chong Heong, 64
Executive Director
Graduate of Management Development Programme, Harvard Business School; Stanford - NUS Executive Programme, Diploma in Management Studies, The University of Chicago Graduate School of Business.

Appointed to the Board in 2009 (date of last re-election: 23 April 2010). He is an Executive Director.

Mr Tong is the Chief Executive Officer of Keppel Offshore & Marine, Keppel FELS and Keppel Shipyard. He is also Chairman of Keppel Integrated Engineering Limited.

He served for 28 years and was appointed Commander of the Volunteer Special Constabulary (VSC) from 1995-2001 and was honoured with Singapore Public Service Medal at the 1999 National Day Award. He was awarded the Medal of Commendation (Gold) Award at NTUC May Day 2010. He is appointed a member of Board of Institute of Technical Education (ITE) Governors with effect from 1 April 2010. He is a member of the NTUC-U Care Fund Board of Trustees and DNV Southeast Asia Offshore Committee. Mr Tong is also appointed a member of the Singapore Maritime Institute Governing Council on 1 January 2011.

He had served as Vice President/President of Association of Singapore Marine Industries (1993-1996). He is a member of Society of Naval Architects and Marine Engineers (USA), American Bureau of Shipping and Nippon Kaiji Kyokai (Class NK). He is a Fellow of The Royal Institute of Naval Architects (RINA) UK as well as Fellow of Institute of Marine Engineering, Science & Technology, member of Singapore Institute of Directors and Fellow of the Society of Project Managers.

Key Executives

In addition to the Chief Executive Officer (Mr Choo Chiau Beng), the Senior Executive Director (Mr Teo Soon Hoe) and the Executive Director (Mr Tong Chong Heong), the following are the key executive officers ("Key Executives") of the Company and its principal subsidiaries:

Kevin Wong Kingcheung, 55
Bachelor degree in Civil Engineering with First Class Honours, Imperial College, London; Masters degree, Massachusetts Institute of Technology, USA.

Mr Wong has been Group Chief Executive Officer/Managing Director, Keppel Land Limited since January 2000. Prior to this appointment, he was Executive Director since November 1993. He is Deputy Chairman and Director of K-REIT Asia Management Limited. He is a Board Member of the Building and Construction Authority (BCA), and Deputy Chairman of BCA Academy Advisory Panel. He is also a Director of Prudential Assurance Company Singapore (Pte) Limited.

Prior to joining Keppel Land Limited, Mr Wong had diverse experience in the real estate industry in the UK, USA and Singapore.

Ong Tiong Guan, 52
Bachelor of Engineering (First Class Honours), Monash University; and Doctor of Philosophy (Ph.D.) under Monash Graduate Scholarship, Monash University, Australia.

Dr Ong was appointed Keppel Energy Pte Ltd's Executive Director from November 1999. He became Managing Director of Keppel Energy Pte Ltd with effect from 1 May 2003. He is responsible for Keppel Corporation's power generation business, which develops, owns and operates power generation projects in Asia and in the Americas.

Dr Ong's career spans across the energy industry from engineering and contracting to investment and ownership of energy assets. He started with Jurong Engineering as a Design Engineer in 1987 and went on to hold senior management positions in Foster Wheeler Eastern, the Sembawang Group, and CMS Energy Asia. Dr Ong was Chairman of SEPEC (Singapore Electricity Pool Executive Committee) for the FY 2002/2003.

His directorships include Keppel Energy Pte Ltd, Keppel Electric Pte Ltd, Keppel Merlimau Cogen Pte Ltd, Keppel Gas Pte Ltd, Termoguayas Generation S.A., Keppel Integrated Engineering Ltd and Keppel DHCS Pte Ltd.

Michael Chia Hock Chye, 58
Colombo Plan scholar. Bachelor in Science Naval Architecture and Shipbuilding (First Class Honours), University of Newcastle-Upon-Tyne; Masters in Business Administration, National University of Singapore; Graduate Certificate in International Arbitration, National University of Singapore.

Mr Chia is the Director (Group Strategy & Development) of Keppel Corporation and the Managing Director (Offshore) of Keppel Offshore and Marine. Prior to this, he was the Executive Director of Keppel FELS Ltd since 2002 with overall responsibility of the business management of the company. Mr Chia is also Deputy Chairman of Keppel Integrated Engineering Limited. He has more than 25 years of management experience in corporate development, engineering, operations and commercial. He was elected as the President of the Association of Singapore Marines Industries from 2005 - 2009, a non-profit association formed in 1968 to promote the interests of the marine industry in Singapore.

Mr Chia is the Chairman of the Singapore Maritime Foundation, member of the Ngee Ann Polytechnic Council, Society of Naval Architects and Marine Engineers Singapore, and American Bureau of Shipping – USA and Society of Petroleum Engineers. He is a Fellow with the Singapore Institute of Arbitrators.

Michael Chia Hock Chye, 58 (continued)
His directorships include FELS Cranes Pte Ltd, Keppel FELS Brasil SA (Brazil), Keppel Amfels Inc (USA), Keppel FELS Ltd, Deepwater Technology Group Pte Ltd, Willalpha Ltd, Bintan Offshore Fabricators Pte Ltd, Keppel FELS Engineering Shenzhen Co Ltd, Offshore Innovative Solutions LLC, Keppel Shipyard Ltd, Keppel Offshore & Marine USA (Holdings) LLC., Keppel Offshore & Marine USA Inc, Keppel Integrated Engineering Ltd, GE Keppel Energy Services Pte Ltd, Keppel Ventus Pte Ltd, Keppel DHCS Pte Ltd, Keppel Seghers Belgium N.V., Keppel Seghers Holding B.V., Fels Tekform (Singapore) Pte Ltd, Kepfels Engineering Pte Ltd, Keppel Environment China Investments Pte Ltd, Keppel Environment Technology Centre Pte Ltd, Keppel FMO Pte Ltd, Keppel Infrastructure Fund Management Pte Ltd, Keppel Sea Scan Pte Ltd, Keppel Seghers Engineering Singapore Pte Ltd, Keppel Seghers Holdings Pte Ltd, Keppel Seghers Newater Development Co Pte Ltd, Senoko Waste-To-Energy Pte Ltd, Asia Environmental Development Ltd, Keppel Seghers UK Ltd, Keppel Seghers Iberica S.A., Auto Blast Steel Structures Co Ltd, Claridge House Ltd, Keppel Infrastructure (China) Ltd, Keppel Infrastructure Environment Development Inc, Keppel Seghers Engineering Ltd, Keppel Seghers Hong Kong Ltd, Keppel Seghers Investment Ltd, Wealth Come (Asia) Ltd, Keppel Seghers Netherlands B.V., Seghers Keppel Technology for Services & Machinery, Ruisbroek N.V., Seghers Keppel Technology for Services & Machinery, Zele N.V. and Keppel Energy Pte Ltd., Keppel Seghers Gmbh, Keppel Seghers Tuas Waste-to-Energy Plant Pte Ltd and Tianjin Eco-City Keppel New Energy Development Company Ltd.

Yeo Chien Sheng Nelson, 54
Bachelor of Science in Mechanical Engineering (First Class Honours), University of Birmingham; Master of Engineering in Energy Technology, Asian Institute of Technology, Thailand; Program for Management Development, Graduate School of Business Administration, Harvard University.

Mr Yeo is the Managing Director (Marine) of Keppel Offshore & Marine Ltd and the Managing Director of Keppel Shipyard Limited. He is Chairman of Keppel Philippines Marine Inc., Subic Shipyard and Engineering, Inc., Keppel Batangas Shipyard, Inc., Keppel Smit Towage Pte Ltd, Maju Maritime Pte Ltd and Keppel Singmarine Pte Ltd. He is also a director of Keppel FELS Ltd, Arab Heavy Industries P.J.S.C., KS Investments Pte Ltd, KSI Production Pte Ltd, Keppel Marine Agencies International, L.L.C., DPS Bristol (Holdings) Ltd., Keppel Energy Pte Ltd and PV Keez Pte Ltd and DYNA-MAC Holdings Pte Ltd.

Mr Yeo serves as a member of the Workplace Safety and Health (Marine Industries) Committee, Ministry of Manpower; AIDS Business Alliance, Ministry of Health; and is also a member of the American Bureau of Shipping; South East Asia Advisory/Technical Committee in Lloyd's Register and the Singapore Technical Committee in Nippon Kaiji Kyokai. He has 29 years of working experience in the shipyard industry.

Wong Kok Seng, 60
BSc (Hons) Naval Architecture, University of Newcastle Upon Tyne; Graduate of Management Development Program, Harvard Business School.

Mr Wong is the Managing Director of Keppel FELS Limited (KFELS). Prior to this appointment, he was the Executive Director of KFELS. His career in Keppel FELS began in 1977 and has held appointments as Structural Engineer, Project Engineer, Project Manager, Quality Assurance Manager, Planning and Estimating Manager, Assistant General Manager (Commercial) and Executive Director (Operations).

Mr Wong also held appointments in Keppel Group as Project Director, Keppel Land, Executive Director, Keppel Singmarine and Senior General Manager (Group Procurement), Keppel Offshore and Marine.

In addition to his current appointment, he is also the Chairman of the Centre of Innovation, Marine and Offshore Technology (COI-MOT) Advisory Committee and a member of the Workplace Safety & Health (WSH) Council Marine Industries Committee.

Mr Wong is a Chartered Engineer and member of the Royal Institution of Naval Architects.

Hoe Eng Hock, 60
Bachelor of Science in Marine Engineering (First Class Honors, University of Newcastle-on-Tyne (Colombo Plan Scholarship); Program for Management Development, Graduate School of Business Management, Harvard University; Finance for Senior Executives, Asian Institute of Management, Manila, Philippines.

Mr Hoe Eng Hock started his professional career with Keppel Group upon his graduation. After serving various business units under Keppel Group both at Singapore and the Philippines, Mr Hoe has taken up the position of Executive Director of Keppel Singmarine Pte Ltd in the year 2005.

Mr Hoe is a fellow member of IMarest and the Institute of Chartered Engineers, UK. He is also a member of The American Bureau of Shipping, South East Asia Advisory/Technical Committee of Lloyd's Register and Bureau Veritas. In addition, he is a Member of Singapore Accreditation Council as well as council member and Vice President of ASMI (Association of Singapore Marine Industries).

Chow Yew Yuen, 55
Bachelor of Science degree in Mechanical Engineering with First Class Honours, University of Newcastle Upon Tyne.

Mr. Chow was appointed President of The Americas for Keppel Offshore and Marine in 2008. He has the responsibility of business management, covering the United States, Mexico and Brazil. Mr. Chow is also the Chairman of Keppel Amfels Inc, Deputy Chairman of Keppel Fels Brazil SA and President of Keppel Offshore and Marine USA Inc. He has been with the company for 29 years and was based in the United States for the last 17 years. His experience is quite diverse, covering areas of technical, production, operations, commercial and management across different geographical and cultural boundaries.

Mr. Chow also serves as Director on the Board of Floatel International Ltd., BrasFels SA (Brazil), Deepwater Marine Technology LLC, Floatec LLC, Keppel FELS Ltd., FSTP Pte. Ltd., AmFels Offshore Ltd., Joy Pride Investments (BVI), Kep Holdings Ltd., Kepital Management Ltd., Keppel FELS Invest (HK) Ltd., Keppel Marine Agencies, International LLC, KI Investments (HK) Ltd. Mr. Chow is also a member of The American Bureau of Shipping.

Ang Wee Gee, 49
Bachelor of Science summa cum laude, University of Denver, USA; Master of Business Administration, Imperial College, University of London, UK.

Mr Ang joined Keppel Land Group in 1991. He is currently Executive Vice Chairman of Keppel Land China Limited and Executive Director of Keppel Land International Limited. Keppel Land China, a wholly-owned subsidiary of Keppel Land Limited, owns and independently operates Keppel Land's businesses in China. Mr Ang was previously Executive Director & Chief Executive Officer, International of Keppel Land International Limited, responsible for the Group's overseas businesses. He has previously held positions in business & project development for Singapore and overseas markets; corporate planning & development in the Group's hospitality arm; was the Group's country head for Vietnam; and had also concurrently headed Sedona Hotels International.

Mr Ang is Chairman of Keppel Philippines Properties Inc and Keppel Thai Properties Public Co Ltd, property companies listed on the Philippine Stock Exchange and The Stock Exchange of Thailand respectively. He is a director of Sedona Hotels International Pte Ltd, the hotel management arm of Keppel Land Limited, and a number of other subsidiaries and associated companies in the Keppel Land Group.

Directors and Key Executives

Loh Chin Hua, 49
Bachelor Degree in Property Administration (Colombo Plan Scholarship), Auckland University; Presidential Key Executive MBA Program, Pepperdine University; Chartered Financial Analyst (CFA); Registered Valuer, New Zealand Institute of Valuers.

Mr Loh is the Managing Director of Alpha Investment Partners Limited (Alpha), the real estate fund management arm of the Keppel Land Group. He joined Alpha in September 2002, and has 24 years of experience in real estate investing and fund management.

He has served as an Executive Chairman in Asia Real Estate Fund Management Ltd. He has over 20 years of experience in real estate investing and funds management, spanning the U.S., Europe and Asia.

Prior to joining Alpha, Mr Loh was Managing Director at Prudential Investment Management Inc. ("Prudential"), and led its Asian real estate fund management business. During his eight years at Prudential, Mr Loh was responsible for overseeing all investment and asset management activities for the real estate funds managed out of Asia.

Mr Loh started his career in real estate investment with the Government of Singapore Investment Corporation (GIC). During the 10 years with GIC, he has held appointments in the San Francisco office and was head of the European real estate group in London before returning to head the Asian real estate group.

Mr Loh is a director of Keppel Offshore Marine Ltd, Keppel Land China Limited and various fund companies and subsidiaries.

Pang Hee Hon, 50
Bachelor of Science and Bachelor of Commerce, University of Birmingham; Masters in Public Administration, Harvard University.

Mr Pang is the Chief Executive Officer of Keppel T&T, appointed with effect from 4 January 2010. Previously the Deputy President (Operations) of ST Electronics (Info-Software Systems), Mr Pang oversaw business operations and international marketing. He was Chairman of the eGov Chapter in the Singapore IT Federation, which provides feedback on eGov policies and promotes internationalisation of local ICT companies.

Mr Pang was also Head of Joint Logistics Department, MINDEF, where he directed the implementation of enterprise wide IT solutions for supply chain management, electronic procurement and finance. He also held other principal command and staff appointments within the Singapore Armed Forces, including Assistant Chief of the General Staff (Logistics) G-4 Army, Assistant Chief of the General Staff (Plans) G-5 Army, Commander, Division Artillery Headquarters and Deputy Assistant Chief of the General Staff (Ops Planning) G-3 Army.

Tay Lim Heng, 47
Bachelor (Honours) in Engineering Science and Economics, University of Oxford; Masters in Public Administration, Harvard University; attended Advanced Management Programme, Harvard Business School.

BG(NS) Tay is the Chief Executive Officer of Keppel Integrated Engineering Ltd, appointed with effect from 1 January 2011. He is also Head, Sustainable Development, of Keppel Group.

Prior to joining Keppel Group, BG(NS) Tay was the Deputy Secretary (Development) in the Ministry of National Development (MND). Before that, he was the Chief Executive of the Maritime and Port Authority of Singapore. BG (NS) Tay has also held senior key appointments in the Singapore Armed Forces (SAF). He was absorbed into the Singapore Administrative Service in 1996 and served until May 2010 when he left public service. He was awarded the Public Administration Medal (Gold) (Military) in 2005. In 2010, he was elected to the Council of Singapore Water Association.

His directorships include Keppel Integrated Engineering Limited, Keppel Seghers Engineering Singapore Pte Ltd, Keppel Seghers Holdings Pte Ltd, GE Keppel Energy Services Pte Ltd, Keppel Seghers Belgium NV, Keppel Prince Engineering Pty Ltd, Keppel DHCS Pte Ltd, Keppel FMO Pte Ltd, Keppel Sea Scan Pte Ltd and Keppel Land China Limited.

Thomas Pang Thieng Hwi, 46
Bachelor of Arts (Honours) and Master of Arts, University of Cambridge; Investment Management Certificate from The CFA Society of the UK.

Mr Pang has been the Chief Executive Officer of Keppel Infrastructure Fund Management Pte Ltd (the Trustee-Manager of K-Green Trust ("KGT")) since 29 June 2010. He was seconded to the Trustee-Manager on a full-time basis but remains under the employment of Keppel Offshore & Marine Ltd. As the CEO of the Trustee-Manager, he is responsible for working with the board to determine the strategy for KGT. He works with the other members of the Trustee-Manager's management team to execute the stated strategy of the Trustee-Manager.

Mr Pang joined Keppel Offshore & Marine Ltd in 2002 as a Senior Manager (merger integration office) to assist in the merger integration of Keppel FELS Limited and Keppel Shipyard Limited. He was promoted to be the assistant General Manager (corporate development) in 2003 and subsequently the General Manager (corporate development) in 2007 to focus on the investment, mergers and acquisitions and strategic planning of Keppel Offshore & Marine Ltd. Before joining Keppel Offshore & Marine Ltd, Mr Pang was the vice president (finance and business development) of Arrakiis Pte Ltd, where he was involved in fund raising and business development. Prior to that, he was an investment manager with Vertex Management (UK) from 1998 to 2001. Mr Pang was also the Vice-President (Central USA) of the Singapore Tourism Board from 1995 to 1998, as well as assistant head at the Economic Development Board of Singapore, responsible for local enterprise development from 1988 to 1995.

Ng Hsueh Ling, 44
Bachelor of Science Degree in Real Estate from the National University of Singapore.

Ms Ng has been the Chief Executive Officer and Executive Director of K-REIT Asia Management Limited (the manager of K-REIT Asia) since 17 August 2009. She has 21 years of experience in the real estate industry.

Her experience encompasses the strategic sourcing, investment, asset and portfolio management and development of assets in key Asian cities, as well as extensive fund management experience in the areas of real estate fund product creation, deal origination, distribution and structuring of real-estate-based financial products.

Prior to this appointment, Ms Ng has held key positions with two other real estate companies, CapitaLand and Ascendas. Before her appointment as Chief Executive Officer and Executive Director in K-REIT Asia Management Limited, she was CEO (Korea & Japan) at Ascendas Pte Ltd.

Ms Ng is a Licensed Appraiser for land and buildings and is a Fellow of the Singapore Institute of Surveyors and Valuers.

Aziz Amirali Merchant, 46
Bachelor of Engineering (First Class Honours) in Naval Architecture & Ocean Engineering from University of Glasgow; Master of Science in Naval Architecture from University College London (UCL), University of London.

Mr Merchant is the Executive Director of Keppel FELS Ltd and Head of Deepwater Technology Group Ltd. Prior to this, he was the General Manager (Group Design & Engineering) for Keppel Offshore & Marine and the General Manager (Engineering) for Keppel FELS Ltd since 2002.

Mr Merchant is a director of Keppel Singmarine Ltd, Deepwater Technology Group Ltd, Keppel Offshore & Marine Technology Centre Pte Ltd, Floatec LLC, Keppel FELS Baltech Ltd, Keppel FELS Shenzhen and Keppel FELS Offshore and Engineering Services Mumbai Pvt Ltd.

Mr Merchant is the Member of the Ngee Ann Polytechnic Marine & Offshore Technology Advisory Committee and the American Bureau of Shipping South East Asia Technical Committee. He is a Fellow of the Society of Naval Architects and Marine Engineers Singapore.

Chor How Jat, 49
Bachelor of Science (Honours) in Naval architecture, University of Newcastle Upon Tyne. Master of Science in Marine Technology, University of Newcastle Upon Tyne.

Mr Chor is the Executive Director of Keppel Shipyard Limited, appointed with effect from 1 Jan 2011. Mr Chor began his professional career with Keppel Offshore and Marine in 1988 and held appointments as Shiprepair Manager, Deputy Shipyard Manager, Shipyard Manager and prior to his appointment as Executive Director of Keppel Shipyard Limited, he was General Manager (Operations) of Keppel FELS Limited.

Mr Chor serves as director on the Board of Keppel Shipyard Limited, Regency Steel Japan Limited, Asian Lift Pte Ltd, Keppel FELS Offshore and Engineering Services Mumbai Pvt. Ltd. and Atwin Offshore and Marine Pte. Ltd. Mr Chor is also a council member of Association of Singapore Marine Industries (ASMI).

Past Principal Directorships In The Last Five Years

Directors

Lee Boon Yang
Nil.

Lim Hock San
Civil Aviation Authority of Singapore; Singapore Changi Airport Enterprise Pte Ltd; Changi Airports International Pte. Ltd; Air Transport Training College Pte Ltd; Advanced Material Technologies Pte Ltd; United Test and Assembly Center Ltd; Interra Resources Limited; Ascendas Property Fund Trustee Private Limited.

Choo Chiau Beng
EDB Investments Pte Ltd; Keppel Norway AS; Maritime and Port Authority of Singapore; Singapore Maritime Foundation Limited; Singapore Petroleum Company; Singapore Refining Company; SMRT Corporation Ltd; SMRT Buses Ltd; SMRT Light Rail Pte Ltd; SMRT Road Holdings Ltd; SMRT Trains Ltd; Nanyang Business School Advisory Board.

Sven Bang Ullring
Chairman of the Supervisory Board of NORSK HYDRO ASA, Oslo and STOREBRAND ASA, Oslo.

Tony Chew Leong-Chee
Del Monte Pacific Ltd; Pontirep Investments Pte Ltd; Operational Development Pte Ltd; Juno Pacific Pte Ltd; ARC Corporate Services Pte Ltd; Eurolife Limited; Del Monte Pacific Resources Ltd; Dewey Ltd.

Oon Kum Loon
Schmidt Electronics Group Ltd; Gas Supply Pte Ltd; PSA International Pte Ltd; SP PowerGrid Ltd.

Tow Heng Tan
IE Singapore; Shangri-la Asia Limited.

Alvin Yeo Khirn Hai
Civil Service College; Asian Civilisations Museum; SMOE Pte Ltd.

Tan Ek Kia
Orchard Energy Pte Ltd; Power Seraya Ltd.

Danny Teoh
KPMG Advisory Services Pte. Ltd.; KPMG Corporate Finance Pte Ltd; KPMG Services Pte. Ltd.; SIFE Singapore; Viva Foundation For Children With Cancer; Singapore Dance Theatre.

Teo Soon Hoe
Keppel Shipyard Limited; Singapore Petroleum Company Limited; Travelmore Pte Ltd.

Tong Chong Heong
Nil.

Key Executives

Kevin Wong Kingcheung
Various subsidiaries and associated companies of Keppel Land Limited; Evergro Properties Limited; HDB Corporation Private Limited; Singapore Hotel Association; Singapore International Chamber of Commerce.

Dr Ong Tiong Guan
Corporacion Electrica Nicaraguense S.A..

Michael Chia Hock Chye
Nil.

Yeo Chien Sheng Nelson
Alpine Engineering Services Pte Ltd.; Blastech Abrasives Pte Ltd.; Keppel Tuas Pte Ltd.

Wong Kok Seng
Keppel Shipyard Limited; Keppel Nantong Shipyard Company Limited; FloaTEC L.L.C.; Offshore Technology Development Pte Ltd; Bintan Offshore Fabricators Pte Ltd; Seafox 5 Limited.

Hoe Eng Hock
Keppel Singmarine Pte Ltd; Keppel Nantong Shipyard Co., Ltd; Keppel Smit Towage Pte Ltd; Maju Maritime Pte Ltd; Marine Technology Development Pte Ltd; Prime Steelkit Pte Ltd; Keppel Cebu Shipyard Inc; Keppel Singmarine Philippines, Inc; Creek & Cove Properties Pte Ltd.

Chow Yew Yuen
Nil.

Ang Wee Gee
Various subsidiaries and associated companies of Keppel Land Limited; Evergro Properties Limited.

Loh Chin Hua
Pteris Global Limited (previously known as InterRoller Engineering Limited).

Pang Hee Hon
PM-B Pte Ltd; INFA Systems Limited; ST Electronics (e-Services) Pte Ltd.

Tay Lim Heng
Nil.

Thomas Pang Thieng Hwi
Nil.

Ng Hsueh Ling
Ascendas Korea Inc.; Ascendas Japan Pte Ltd; Ascendas Japan Inc.; Ascendas China Fund Management Pte. Ltd.; Ascendas China Commercial Fund Management Pte. Ltd.; Raffles Quay Asset Management Pte Ltd; Central Boulevard Development Pte Ltd.

Aziz Amirali Merchant
Nil.

Chor How Jat
Nil.

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Completed properties					
Ocean Properties Pte Ltd	46%	Ocean Towers Collyer Quay, Singapore	Land area: 3,552 sqm 27-storey office building	999 years leasehold	Commercial office building with rentable area of 21,129 sqm
DL Properties Ltd	34%	Equity Plaza Cecil Street, Singapore	Land area: 2,345 sqm 28-storey office building	99 years leasehold	Commercial office building with rentable area of 23,422 sqm
K-REIT Asia	54%	Prudential Tower Cecil Street & Church Street, Singapore	30-storey office building	99 years leasehold	Commercial office building with rentable area of 16,320 sqm (73.4% of the strata area)
		Bugis Junction Tower Victoria Street, Singapore	15-storey office building	99 years leasehold	Commercial office building with rentable area of 22,876 sqm
		275 George Street Brisbane, Australia	Land area: 7,074 sqm 30-storey Grade A commercial building	Freehold	Commercial office building with rentable area of 20,874 sqm (50% interest)
		77 King Street Sydney, Australia	Land area: 1,284 sqm 23-storey office and retail Grade A commercial building	Freehold	Commercial office building with rentable area of 13,752 sqm
Mansfield Development Pte Ltd	52%	Keppel Towers Hoe Chiang Rd, Singapore	Land area: 7,760 sqm 27-storey office building	Freehold	Commercial office building with rentable area of 32,585 sqm
		GE Tower Hoe Chiang Rd, Singapore	Land area: 1,367 sqm 13-storey office building	Freehold	Commercial office building with rentable area of 7,378 sqm
One Raffles Quay Pte Ltd	18%	One Raffles Quay Singapore	Land area: 11,367 sqm Two office towers	99 years leasehold	Commercial office building with rentable area of 124,058 sqm
HarbourFront One Pte Ltd	65%	Keppel Bay Tower HarbourFront Avenue, Singapore	Land area: 17,267 sqm 18-storey office building	99 years leasehold	Commercial office building with rentable area of 36,072 sqm
HarbourFront Two Pte Ltd	33%	HarbourFront Tower One and Two HarbourFront Place, Singapore	Land area: 10,923 sqm 18-storey and 16-storey office buildings	99 years leasehold	Commercial office building with rentable area of 48,668 sqm

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Keppel Bay Pte Ltd	86%	Caribbean at Keppel Bay Singapore	163 out of 168 units of corporate residences have been sold	99 years leasehold	A 969-unit luxurious waterfront condominium development
PT Straits-CM Village	20%	Club Med Ria Bintan Bintan, Indonesia	Land area: 200,000 sqm	30 years lease with option for another 50 years	A 302-room beachfront hotel
PT Kepland Investama	52%	International Financial Centre (formerly, Barclays House) Jakarta, Indonesia	Land area: 10,444 sqm	20 years lease with option for another 20 years	A prime office development with rentable area of 27,875 sqm (Tower 1)
Keppel Land Watco I Co Ltd	35%	Saigon Centre (Phase 1 Tower) Ho Chi Minh City, Vietnam	Land area: 2,730 sqm 25-storey office, retail cum serviced apartments	50 years lease	Commercial building with rentable area of 10,443 sqm office, 3,663 sqm retail, 305 sqm post office and 89 units of serviced apartments
BFC Development Pte Ltd	18%	Marina Bay Financial Centre (Phase 1)/ Marina Bay Residences Marina Boulevard/ Central Boulevard, Singapore	Land area: 20,505 sqm	99 years leasehold	An integrated development comprising office, retail and 428 condominium units
Properties under development					
Ocean Properties Pte Ltd	46%	Ocean Financial Centre Collyer Quay, Singapore	Land area: 2,557 sqm	999 years leasehold	Commercial building with rentable area of 78,587 sqm *(2011)
Central Boulevard Development Pte Ltd	17%	Marina Bay Financial Centre (Phase 2)/ Marina Bay Suites Marina Boulevard/ Central Boulevard, Singapore	Land area: 15,010 sqm	99 years leasehold	An integrated development comprising office, retail and 221 condominium units *(2012)
Keppel Bay Pte Ltd	86%	Reflections at Keppel Bay Singapore	Land area: 83,591 sqm	99 years leasehold	A 1,129-unit waterfront condominium development *(2013)
		Keppel Bay Plot 3 and 6, Singapore	Land area: 82,619 sqm	99 years leasehold	Waterfront condominium development

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Keppel Land (Mayfair) Pte Ltd	52%	The Lakefront Residences Lakeside Drive, Singapore	Land area: 16,117 sqm	99 years leasehold	A 629-unit condominium development *(2015)
Shanghai Pasir Panjang Land Co Ltd	51%	Eight Park Avenue Shanghai, China	Land area: 33,432 sqm	70 years lease	A 930-unit residential apartment development (Plot B) *(2014)
Shanghai Hongda Property Development Co Ltd	51%	The Springdale Shanghai, China	Land area: 264,090 sqm	70 years lease (residential) 40 years lease (commercial)	A 2,667-unit residential development with integrated facilities *(2015)
Spring City Golf & Lake Resort Co (owned by Kingsdale Development Pte Ltd)	21%	Spring City Golf & Lake Resort Kunming, China	Land area: 2,157,361 sqm	70 years lease	Integrated resort comprising golf courses, resort homes and resort facilities *(2011 Phase 2)
CityOne Development (Wuxi) Co	26%	Central Park City Wuxi, China	Land area: 352,534 sqm	70 years lease (residential) 40 years lease (commercial)	A 5,000-unit residential township development with integrated facilities *(2012 Phase 2)
Keppel Township Development (Shenyang) Co Ltd	52%	The Seasons Shenyang, China	Land area: 348,312 sqm	50 years lease (residential) 40 years lease (commercial)	A 4,748-unit residential township with integrated facilities in Shenbei New District in Shenyang *(2013 Phase 1)
Keppel Hongda (Tianjin Eco-City) Property Development Co	74%	Development in Sino-Singapore Tianjin Eco-City Tianjin, China	Land area: 365,722 sqm	70 years lease (residential) 40 years lease (commercial)	A mixed development, primarily residential (5,000 units) together with some commercial space *(2012 – 2014)
PT Mitra Sindo Sukses/ PT Mitra Sindo Makmur	27%	Jakarta Garden City Jakarta, Indonesia	Land area: 2,700,000 sqm	30 years lease with option for another 20 years	A 7,000-unit residential township *(2011 Phase 1 & 2013 Phase 2)
Estella JV Co Ltd	29%	The Estella Ho Chi Minh City, Vietnam	Land area: 47,906 sqm	50 years lease	A 1,393-unit high-rise residential development with supporting commercial space in An Phu Ward in prime District 2 *(2012 Phase 1)

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Dong Nai Waterfront City LLC (owned by Portsville Pte Ltd)	26%	Dong Nai Waterfront City Dong Nai Province, Vietnam	Land area: 3,667,127 sqm	50 years lease	A 7,850-unit residential township *(2015 Phase 1)
Industrial properties					
Keppel FELS Limited	100%	Jurong, Pioneer, Cresent and Tuas South Yard, Singapore	Land area: 737,525 sqm buildings, workshops, building berths and wharves	24 - 30 years leasehold	Oil rigs, offshore and marine construction, repair, fabrication, assembly and storage
Keppel Shipyard Limited	100%	Benoi and Pioneer Yard, Singapore	Land area: 776,827 sqm buildings, workshops, drydocks and wharves	30 years leasehold	Shiprepairing, shipbuilding and marine construction

* Expected year of completion

Group Five-Year Performance

	2006	2007	2008	2009	**2010**
Selected Profit & Loss Account Data ($ million)					
Revenue	7,601	10,431	11,805	12,247	**9,783**
Operating profit	804	1,051	1,238	1,505	**1,756**
Profit before tax & exceptional items	1,139	1,556	1,597	1,856	**2,026**
Net profit before exceptional items	751	1,026	1,097	1,265	**1,419**
Attributable profit after exceptional items	751	1,131	1,098	1,625	**1,623**
Selected Balance Sheet Data ($ million)					
Fixed assets & properties	4,187	4,732	4,977	5,208	**5,451**
Investments	3,113	4,024	3,633	3,332	**4,443**
Stocks, debtors & cash	6,466	6,973	8,059	8,677	**10,979**
Intangibles	135	68	78	90	**108**
Total assets	13,901	15,797	16,747	17,307	**20,981**
Less:					
Creditors	5,188	6,139	7,647	6,423	**6,730**
Borrowings	2,957	2,234	1,970	1,759	**4,068**
Other liabilities	158	389	381	412	**459**
Net assets	5,598	7,035	6,749	8,713	**9,724**
Share capital & reserves	4,205	5,205	4,596	5,985	**6,740**
Non-controlling interests	1,393	1,830	2,153	2,728	**2,984**
Capital employed	5,598	7,035	6,749	8,713	**9,724**
Per Share					
Earnings (cents) (Note 1):					
Before tax & exceptional items	61.5	81.4	84.2	98.9	**110.8**
After tax & before exceptional items	47.7	64.9	69.0	79.4	**88.7**
After tax & exceptional items	47.7	71.5	69.0	102.0	**101.5**
Total distribution (cents)	28.0	64.0	35.0	61.0	**42.0**
Net assets ($)	2.67	3.28	2.89	3.75	**4.20**
Net tangible assets ($)	2.58	3.24	2.84	3.70	**4.13**
Financial Ratios					
Return on shareholders' funds (%) (Note 2):					
Profit before tax and exceptional items	24.7	27.4	27.3	29.8	**27.9**
Net profit before exceptional items	19.1	21.8	22.4	23.9	**22.3**
Dividend cover (times)	4.2	1.0	2.0	1.3	**2.1**
Net cash / (gearing) (times)	(0.24)	(0.09)	0.04	0.14	**0.02**
Employees					
Number	29,185	31,914	35,621	31,775	**31,360**
Wages & salaries ($ million)	931	1,132	1,329	1,372	**1,367**

Notes:
1. Earnings per share are calculated based on the Group profit by reference to the weighted average number of shares in issue during the year.
2. In calculating return on shareholders' funds, average shareholders' funds has been used.
3. Comparative figures have been adjusted for sub-division of shares in 2007.

Group Five-Year Performance

2010

Group revenue of $9,783 million was 20% lower than last year. Revenue from Offshore & Marine Division of $5,577 million decreased by $2,696 million or 33% because of a lower volume of work. During the year, the Division completed and delivered twelve rigs, eighteen specialised vessels, five FPSO conversions/upgrades and several rig upgrade/repair contracts. Revenue from Infrastructure Division increased by $83 million or 3% to $2,510 million. Higher revenue generated from the cogen power plant in Singapore was partly offset by lower revenue from Engineering, Procurement and Construction (EPC) contracts in Qatar. Revenue from Property Division of $1,685 million was $177 million or 12% above the previous year. The increase was mainly attributable to the sale of apartments at Keppel Bay and progressive revenue recognition from Reflections at Keppel Bay. Rental income from investment properties improved because of the acquisitions of investment buildings in Australia in 2010 and additional six strata floors of Prudential Tower in November 2009.

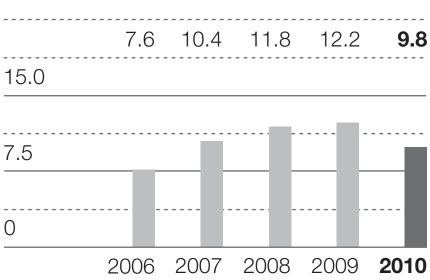
At the pre-tax level, Group profit of $2,026 million was 9% higher than FY 2009. Pre-tax earnings from Offshore & Marine Division increased by 15% to $1,242 million. This was due to improved margins driven by cost efficiencies and higher productivity on delivered contracts. Profit from Infrastructure Division decreased by 38% to $93 million as a result of losses from EPC contracts in Qatar, partly offset by better performance from the cogen power plant in Singapore. Property Division recorded profit of $625 million, an increase of 31% over the preceding year. This was mainly attributable to higher contribution from several residential projects in Singapore, China and Vietnam, and share of profit of the associated company developing Marina Bay Suites in Singapore. Profit from Investments Division was lower as the previous year included contribution from Singapore Petroleum Company which was disposed in June 2009.

2009

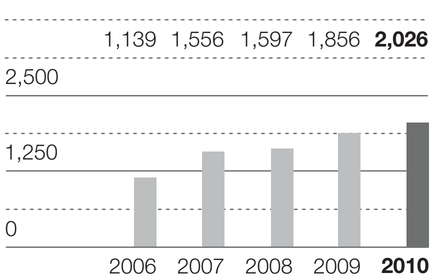
Group revenue rose by $442 million or 4% to $12,247 million, the highest achieved by the Group in a year. Higher revenue from Infrastructure and Property Divisions were more than sufficient to offset the fall in revenue from Offshore & Marine Division. Revenue from Offshore & Marine Division of $8,273 million decreased by $296 million or 3% because of lower value of new contracts secured. During the year, the Division completed and delivered fourteen rigs, fourteen specialised vessels and six major conversions/upgrades. Revenue from Infrastructure Division increased by 9% or $195 million. Higher revenue from Engineering, Procurement and Construction (EPC) contracts undertaken by Keppel Integrated Engineering was partially offset by lower revenue from Keppel Energy because of lower energy prices. Revenue from Property Division of $1,508 million was 59% above that of the previous year. This was mainly due to higher sale of residential homes in Singapore, China, Vietnam, Indonesia and India. Progressive revenue recognition from Reflections at Keppel Bay and other projects in Singapore and overseas were also higher. Rental income from investment properties also increased due to higher rental rates.

At the pre-tax profit level, Group earnings of $1,856 million were 16% higher than FY 2008. Earnings from Offshore & Marine Division of $1,081 million were 15% above the previous year. Higher operating margins achieved in the year contributed to the increased profit. Infrastructure Division continued its steady build-up and more than doubled its earnings from $70 million to $150 million. Profit from both Keppel Energy and Keppel Integrated Engineering were higher. Property Division posted profit of $476 million, 30% higher. Earnings have increased because of higher revenue recognition from the sale of residential properties and share of profit of associated companies developing Marina Bay Residences in Singapore and The Botanica in Chengdu, China. Profit from Investments was lower following the disposal of Singapore Petroleum Company in June 2009.

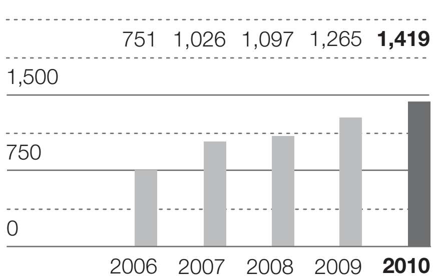
Revenue
($ billion)



Pre-Tax Profit
($ million)



Net Profit
($ million)



2008
Group revenue of $11,805 million was $1,374 million or 13% higher than that of the previous year. Revenue from Offshore & Marine Division of $8,569 million was $1,311 million or 18% higher and accounted for 72% of Group revenue. The Division completed and delivered three semisubmersibles and thirteen jackups on schedule for its customers. Revenue from shiprepairs, conversions and shipbuilding were also higher. Revenue from Infrastructure Division increased by 75% to $2,232 million. Revenue generated from the cogen power plant in Singapore and environmental engineering contracts contributed to the significant increase in revenue. Revenue from Property Division of $950 million was $885 million or 48% lower. The decrease was due to lower sales of residential properties in the current year. Rental income from investment properties increased due to higher rental rates and occupancy.

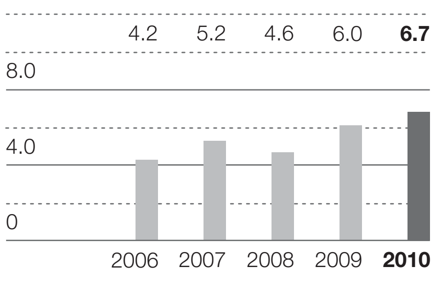
Group pre-tax profit of $1,597 million was 3% more than the previous year. Higher contribution from Offshore & Marine and Infrastructure were partially offset by lower profits from Property and Investments. Earnings from Offshore & Marine Division of $943 million were 35% above the previous year. Infrastructure Division continued to make encouraging progress, contributing $70 million to Group pre-tax profit. Property Division posted profit of $365 million, $106 million or 23% lower than the previous year. The decrease was due to the lower sales and share of profit from associated companies. Profit from Investments was lower because of lower profit from Singapore Petroleum Company.

The income tax expense of the Group included a write-back of $15 million for tax provision in respect of prior years. After minority share of profit, the net profit before exceptional items was $1,097 million.

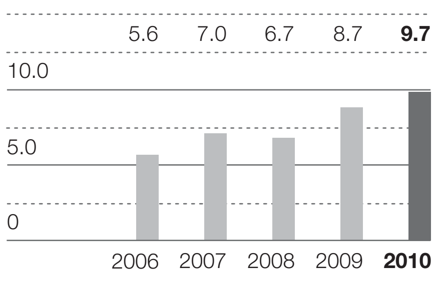
2007
Group revenue of $10,431 million was $2,830 million or 37% higher than that of the previous year. Revenue from Offshore & Marine Division at $7,258 million was $1,503 million or 26% higher and accounted for 70% of Group revenue. Revenue from shipconversion and shiprepair was strong. Revenue from Infrastructure Division more than doubled to $1,277 million as a result of new income stream from the cogen power plant, NEWater plant, power barges and the contract for the solid waste management complex in Qatar. Property Division achieved revenue of $1,835 million, $680 million or 59% higher. The higher revenue was due to sales of Reflections at Keppel Bay, Sixth Avenue Residences and Park Infinia @ Wee Nam in Singapore, Villa Riviera in Shanghai and Elita Promenade in Bangalore. Rental income from investment properties was higher as a result of the tight supply of prime office buildings in the Singapore Central Business District.

Group profit before tax was $1,556 million or 37% more than the previous year's. Earnings from Offshore & Marine Division at $700 million were 12% above the previous year. Production activities continued to increase at the shipyards, however operating margins were lower because of lower margins from its Brazilian operations. Infrastructure Division returned firmly to profitability contributing $51 million or 3% of Group pre-tax profit. This was mainly derived from new projects and the initial

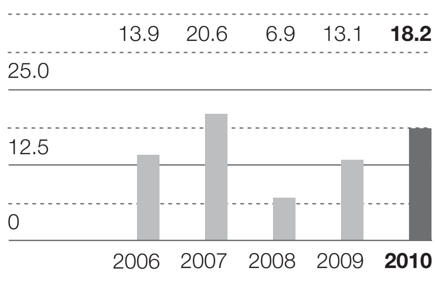
Shareholders' Funds
($ billion)



Capital Employed
($ billion)



Market Capitalisation
($ billion)



contribution from the contract in Qatar. The turnaround was achieved despite higher costs incurred in completing some old contracts and the higher gas cost to operate the cogen plant. Earnings from Property Division more than doubled to $471 million due to the higher revenue and operating margins from trading projects, and share of profit of Marina Bay Residences. In addition, cost provisions no longer required for Singapore trading projects were released in the year. The share of results of associated companies from Investments was significantly higher due mainly to increased contribution from Singapore Petroleum Company, which also reported record profits.

Group taxation expenses were higher in the year as a result of write-back of deferred tax amounting to $18 million from the reduction in the Singapore corporate tax rate from 20% to 18%. After taking into account the higher taxation charge and minority share of profit, the net profit before exceptional items was $1,026 million.

2006

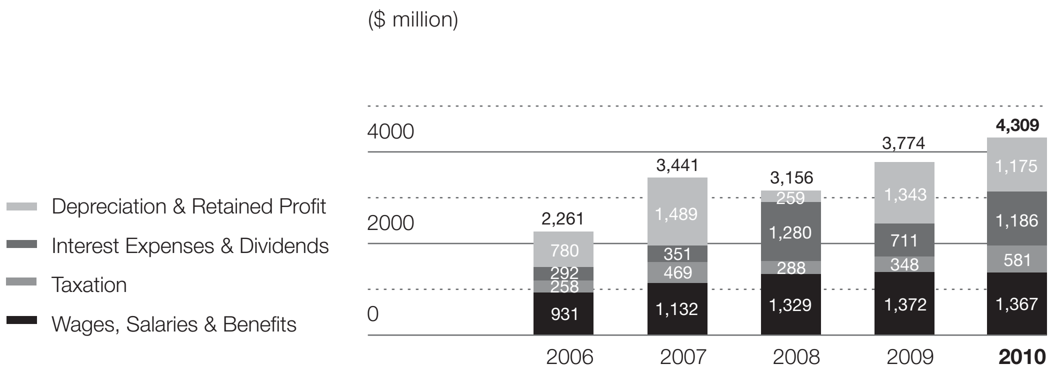
Group revenue of $7,601 million was $1,913 million or 34% higher than that of the previous year. Revenue from Offshore & Marine of $5,755 million was $1,643 million or 40% higher and accounted for 76% of Group revenue. Twenty six newbuilds and conversions were completed and delivered in the year, on time or ahead of time and within budget. Revenue from ship and rig repair was also strong. Keppel T&T reported lower revenue as no major new network engineering contract was secured. Revenue from electricity trading also declined as non-profitable fixed price contracts were not renewed. Property achieved revenue of $1,155 million, $308 million or 36% higher. The increased revenue was underpinned by higher sales and prices of the Group's new and existing trading projects both in Singapore and regionally. Rental income from investment properties was higher as a result of the tight supply of prime office buildings in the Singapore Central Business District.

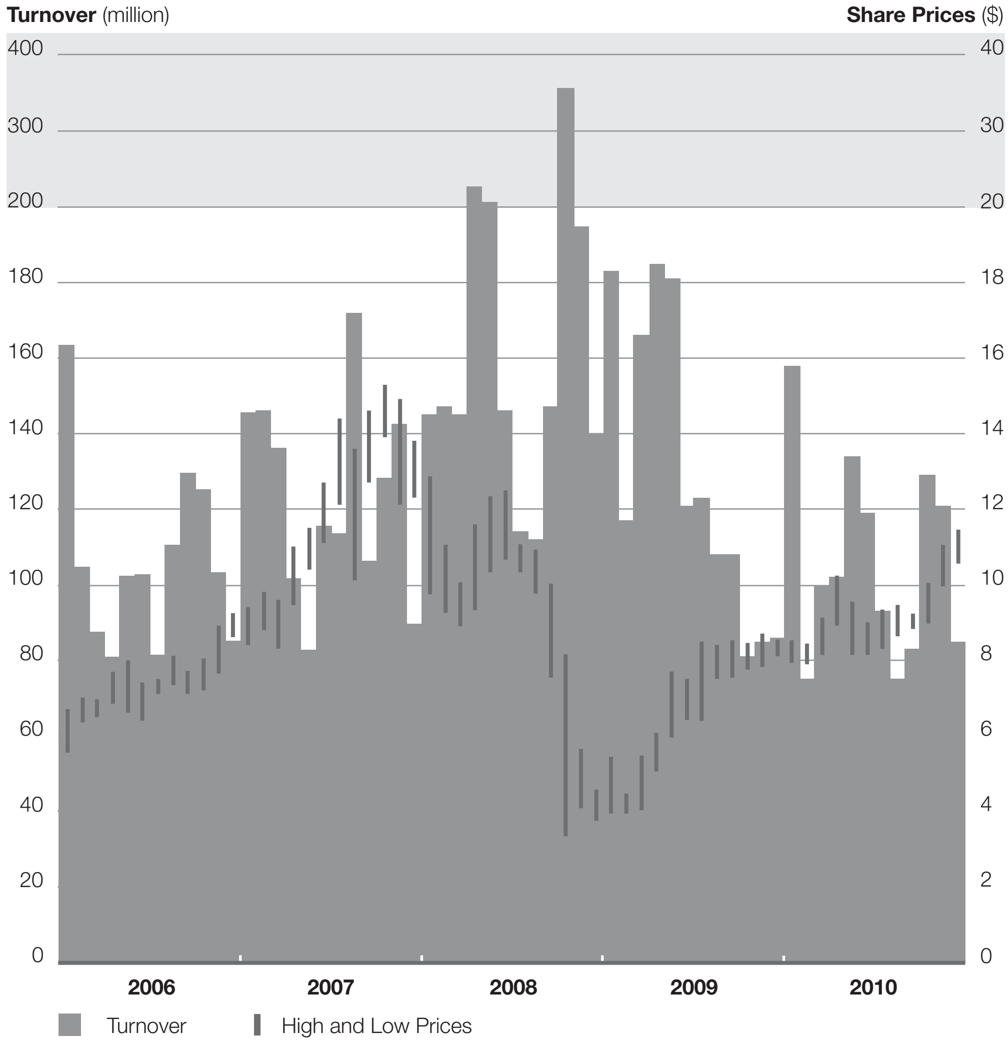
Group profit before tax exceeded $1 billion for the first time to $1,139 million, 38% higher than the previous year. Offshore & Marine, which had an exceptionally busy year contributed significantly to the Group earnings growth. The division's profit before tax of $624 million was $273 million or 78% higher. Revenue and operating margins improved with higher prices and efficient project execution. Infrastructure returned to profitability in the fourth quarter with the commercial operation of the power barges in Ecuador. However, the quarter's profit was not sufficient to reverse the losses in the first nine months. Property posted earnings of $233 million, 5% above the previous year due to the higher revenue from trading projects and profit from sale of a piece of land in Tianjin and an equity interest in a property project. Earnings from Investments were higher with gains from the sale of investments and much better contributions from k1 Ventures which benefited from the divestment of The Gas Company, LLC. These were more than sufficient to offset the lower contributions from Singapore Petroleum Company, which was affected by lower margins in the second half year.

Group taxation expenses were higher in the year as a result of higher profits from overseas operations. After taking into accounts the higher taxation charge and minority share of profit, the attributable profit to shareholders was $751 million.

Group Value-Added Statements

($ million)	2006	2007	2008	2009	**2010**
Value added from:					
Revenue earned	7,601	10,431	11,805	12,247	**9,783**
Less: purchases of materials and services	(5,738)	(8,123)	(9,099)	(9,196)	**(6,470)**
Gross value added from operation	1,863	2,308	2,706	3,051	**3,313**
In addition:					
Interest and investment income	83	91	83	79	**120**
Share of associated companies' profits	315	477	354	322	**215**
Exceptional items	-	565	13	322	**661**
	2,261	3,441	3,156	3,774	**4,309**
Distribution of Group's value added:					
To employees in wages, salaries and benefits	931	1,132	1,329	1,372	**1,367**
To government in taxation	258	469	288	348	**581**
To providers of capital on:					
Interest on borrowings	62	63	79	50	**65**
Dividends to our partners in subsidiaries	73	46	103	87	**130**
Dividends to our shareholders	157	242	1,098	574	**991**
	292	351	1,280	711	**1,186**
Total Distribution	1,481	1,952	2,897	2,431	**3,134**
Balance retained in the business:					
Depreciation & amortisation	127	126	139	174	**189**
Minority share of profits in subsidiaries	60	474	120	118	**354**
Retained profit for the year	593	889	-	1,051	**632**
	780	1,489	259	1,343	**1,175**
	2,261	3,441	3,156	3,774	**4,309**
Number of employees	29,185	31,914	35,621	31,775	**31,360**
Productivity data:					
Gross value added per employee ($'000)	64	72	76	96	**106**
Gross value added per dollar employment cost ($)	2.00	2.04	2.04	2.22	**2.42**
Gross value added per dollar sales ($)	0.25	0.22	0.23	0.25	**0.34**





	2006	2007	2008	2009	**2010**
Share Price ($)*					
Last transacted (Note 3)	8.80	13.00	4.33	8.23	**11.32**
High	9.25	15.30	12.84	8.70	**11.46**
Low	5.55	8.30	3.35	3.97	**7.87**
Volume weighted average (Note 2)	7.22	11.56	8.59	6.40	**9.10**
Per Share					
Earnings (cents) (Note 1)	47.7	64.9	69.0	79.4	**88.7**
Total distribution (cents)	28.0	64.0	35.0	61.0	**42.0**
Distribution yield (%) (Note 2)	3.9	5.5	4.1	9.5	**4.6**
Net price earnings ratio (Note 2)	15.1	17.8	12.5	8.1	**10.3**
At Year End					
Share price ($)	8.80	13.00	4.33	8.23	**11.32**
Distribution yield (%) (Note 3)	3.2	4.9	8.1	7.4	**3.7**
Net price earnings ratio (Note 3)	18.4	20.0	6.3	10.4	**12.8**
Net price to book ratio (Note 3)	3.4	4.0	1.5	2.2	**2.7**
Net assets backing ($)	2.58	3.24	2.84	3.70	**4.13**

Notes:
1. Earnings per share are calculated based on the Group net profit by reference to the weighted average number of shares in issue during the year.
2. Volume weighted average share price is used in calculating distribution yield and net price earnings ratio.
3. Last transacted share price is used in calculating distribution yield, net price earnings ratio and net price to book ratio.
4. Comparative figures have been adjusted for sub-division of shares in 2007.
* Historical share prices are not adjusted for special dividends, capital distribution and dividend in specie.

Shareholding Statistics

As at 24 February 2011

Total number of issued shares	:	1,611,918,880
Issued and fully paid-up capital	:	$947,154,405.19
Class of Shares	:	Ordinary Shares with equal voting rights

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 999	485	1.54	216,865	0.01
1,000 - 10,000	27,793	87.93	84,526,454	5.25
10,001 - 1,000,000	3,296	10.43	117,537,583	7.29
1,000,001 & Above	33	0.10	1,409,637,978	87.45
Total	31,607	100.00	1,611,918,880	100.00

Twenty Largest Shareholders	Number of Shares	%
Temasek Holdings (Pte) Ltd	337,643,902	20.95
Citibank Nominees Singapore Pte Ltd	330,013,775	20.47
DBS Nominees Pte Ltd	229,838,382	14.26
DBSN Services Pte Ltd	170,744,338	10.59
HSBC (Singapore) Nominees Pte Ltd	146,639,575	9.10
Raffles Nominees (Pte) Ltd	56,701,115	3.52
United Overseas Bank Nominees Pte Ltd	46,515,334	2.89
BNP Paribas Securities Services S'pore Pte Ltd	14,358,803	0.89
DB Nominees (S) Pte Ltd	10,718,732	0.66
Merrill Lynch (Singapore) Pte Ltd	6,406,732	0.40
Shanwood Development Pte Ltd	6,400,000	0.40
Lim Chee Onn	5,121,166	0.32
Morgan Stanley Asia (Singapore) Pte Ltd	5,019,202	0.31
Teo Soon Hoe	4,088,332[i]	0.25
OCBC Nominees Singapore Pte Ltd	3,974,251	0.25
Royal Bank of Canada (Asia) Ltd	3,688,276	0.23
BNP Paribas Nominees Singapore Pte Ltd	3,374,570	0.21
OCBC Securities Private Ltd	3,256,202	0.20
Phillip Securities Pte Ltd	3,157,853	0.19
UOB Kay Hian Pte Ltd	2,783,984	0.17
Total	1,390,444,524	86.26

Note:
i) Includes 40,000 shares held by OCBC Nominees Singapore Pte Ltd on his behalf.

Substantial Shareholder

	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%	Total Interest No. of Shares	%
Temasek Holdings (Pte) Ltd	337,643,902	20.95	9,011,931[i]	0.56	346,655,833	21.51

Note(i):
By operation of Section 7 of the Companies Act, Temasek Holdings (Pte) Ltd is deemed to be interested in an aggregate of 9,011,931 shares in which its subsidiaries and associated companies have an aggregate interest.

Public Shareholders

Based on the information available to the Company as at 24 February 2011, approximately 77% of the issued shares of the Company is held by the public and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the ordinary shares of the Company is at all times held by the public.

Treasury Shares

As at 24 February 2011, there are no treasury shares held.

Keppel Corporation Limited
Co Reg No. 196800351N
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the 43rd Annual General Meeting of the Company will be held at Raffles City Convention Centre, Collyer Room (Level 4), 2 Stamford Road, Singapore 178882 on Thursday, 21 April 2011 at 4.00 p.m. to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2010. **Resolution 1**

2. To declare a final tax-exempt (one-tier) dividend of 26 cents per share for the year ended 31 December 2010 (2009: final dividend of 23 cents per share tax-exempt (one-tier)). **Resolution 2**

3. To re-elect the following directors, each of whom will retire pursuant to Article 81B of the Company's Articles of Association and who, being eligible, offer themselves for re-election pursuant to Article 81C (see Note 2):

   (i) Mr Tony Chew Leong-Chee **Resolution 3**

   (ii) Mr Tow Heng Tan **Resolution 4**

   (iii) Mr Teo Soon Hoe **Resolution 5**

4. To re-elect the following directors, each of whom, being appointed by the board of directors after the last annual general meeting, will retire in accordance with Article 81A(1) of the Company's Articles of Association and who, being eligible, offer themselves for re-election (see Note 2):

   (i) Mr Tan Ek Kia **Resolution 6**

   (ii) Mr Danny Teoh **Resolution 7**

5. To re-elect Mr Sven Bang Ullring who, being over the age of 70 years, will cease to be a director at the conclusion of this annual general meeting, and who, being eligible, offers himself for re-election pursuant to Section 153(6) of the Companies Act (Cap. 50) (the "Companies Act") to hold office until the conclusion of the next annual general meeting of the Company (see Note 2). **Resolution 8**

6. To approve the ordinary remuneration of the non-executive directors of the Company for the financial year ended 31 December 2010, comprising the following: **Resolution 9**

(1) the payment of directors' fees of an aggregate amount of $944,170 in cash (2009: $1,144,095); and

(2) (a) the award of an aggregate number of 29,500 existing ordinary shares in the capital of the Company (the "Remuneration Shares") to Dr Lee Boon Yang, Mr Lim Hock San, Mr Sven Bang Ullring, Mr Tony Chew Leong-Chee, Mrs Oon Kum Loon, Mr Tow Heng Tan, Mr Alvin Yeo Khirn Hai, Mr Tan Ek Kia and Mr Danny Teoh as payment in part of their respective remuneration for the financial year ended 31 December 2010 as follows:

(i) 10,000 Remuneration Shares to Dr Lee Boon Yang;

(ii) 3,000 Remuneration Shares to Mr Lim Hock San;

(iii) 3,000 Remuneration Shares to Mr Sven Bang Ullring;

(iv) 3,000 Remuneration Shares to Mr Tony Chew Leong-Chee;

(v) 3,000 Remuneration Shares to Mrs Oon Kum Loon;

(vi) 3,000 Remuneration Shares to Mr Tow Heng Tan;

(vii) 3,000 Remuneration Shares to Mr Alvin Yeo Khirn Hai;

(viii) 750 Remuneration Shares to Mr Tan Ek Kia [1]; and

(ix) 750 Remuneration Shares to Mr Danny Teoh [2];

(b) the directors of the Company and/or any of them be and are hereby authorised to instruct a third party agency to purchase from the market 29,500 existing shares at such price as the directors of the Company may deem fit and deliver the Remuneration Shares to each non-executive director in the manner as set out in (2)(a) above; and

(c) any director of the Company or the Company Secretary be authorised to do all things necessary or desirable to give effect to the above (see Note 3).

7. To re-appoint the Auditors and authorise the directors of the Company to fix their remuneration. **Resolution 10**

Special Business

To consider and, if thought fit, approve the following Ordinary Resolutions, with or without any modifications:

8. That pursuant to Section 161 of the Companies Act, and Article 48A of the Company's Articles of Association, authority be and is hereby given to the directors of the Company to: **Resolution 11**

(1) (a) issue shares in the capital of the Company ("Shares"), whether by way of rights, bonus or otherwise, and including any capitalisation pursuant to Article 124 of the Company's Articles of Association of any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or

1 Mr Tan Ek Kia was appointed as non-executive director with effect from 1 October 2010.
2 Mr Danny Teoh was appointed as non-executive director with effect from 1 October 2010.

(b) make or grant offers, agreements or options that might or would require Shares to be issued (including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares) (collectively "Instruments"),

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

(2) (notwithstanding that the authority so conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the directors of the Company while the authority was in force;

provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed fifty (50) per cent. of the total number of issued Shares (excluding treasury Shares) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed five (5) per cent. of the total number of issued Shares (excluding treasury Shares) (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury Shares) at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which are outstanding or subsisting as at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or sub-division of Shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Companies Act, the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier (see Note 4).

9. That: **Resolution 12**

(1) for the purposes of the Companies Act, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) market purchase(s) (each a "Market Purchase") on the SGX-ST; and/or

(b) off-market purchase(s) (each an "Off-Market Purchase") in accordance with any equal access scheme(s) as may be determined or formulated by the directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(a) the date on which the next annual general meeting of the Company is held or is required by law to be held; or

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(3) in this Resolution:

"Maximum Limit" means that number of issued Shares representing five (5) per cent. of the total number of issued Shares as at the date of the last annual general meeting or at the date of the passing of this Resolution whichever is higher unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereafter defined), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury Shares that may be held by the Company from time to time);

"Relevant Period" means the period commencing from the date on which the last annual general meeting was held and expiring on the date the next annual general meeting is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which is:

(a) in the case of a Market Purchase, 105 per cent. of the Average Closing Price (as hereafter defined); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent. of the Average Closing Price, where:

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) Market Days (a "Market Day" being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, in the case of Market Purchases, before the day on which the purchase or acquisition of Shares was made and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days, or in the case of Off-Market Purchases, before the date on which the Company makes an announcement of the offer; and

(4) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution (see Note 5).

10. That: **Resolution 13**

(1) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and target associated companies (as defined in Appendix 2 to this Notice of Annual General Meeting ("Appendix 2")), or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in Appendix 2, with any person who falls within the classes of Interested Persons described in Appendix 2, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions as set out in Appendix 2 (the "IPT Mandate");

(2) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next annual general meeting is held or is required by law to be held, whichever is the earlier;

(3) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

(4) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution (see Note 6).

To transact such other business which can be transacted at the annual general meeting of the Company.

NOTICE IS ALSO HEREBY GIVEN THAT:

(a) the Share Transfer Books and the Register of Members of the Company will be closed on 29 April 2011, for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 28 April 2011 will be registered to determine shareholders' entitlement to the proposed final dividend. The proposed final dividend if approved at this annual general meeting will be paid on 10 May 2011;

(b) the Share Transfer Books and the Register of Members will be closed at 5.00 p.m. on 28 April 2011 to determine Shareholders' entitlements to Bonus Shares under the Bonus Issue. Duly completed transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 28 April 2011 will be registered to determine Shareholders' entitlements to Bonus Shares under the Bonus Issue. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 28 April 2011 will be entitled to Bonus Shares under the Bonus Issue.

Bonus Shares, when issued, will not be entitled to the final cash dividend in respect of the financial year ended 31 December 2010 (which shall be subject to the approval of Shareholders at this annual general meeting).

Please refer to the Company's announcements dated 25 January 2011, 26 January 2011 and 28 January 2011 for details; and

(c) the electronic copy of the Company's Annual Report 2010 will be published on the Company's website on 6 April 2011. The Company's website address is http://www.kepcorp.com, and the electronic copy of the Annual Report 2010 can be viewed or downloaded from the "Financial Reports" section, which can be accessed from the main menu item "Investor Centre". To view the electronic copy of the Annual Report 2010, you will need the Adobe Reader installed on your computer, which can be downloaded free of charge at http://get.adobe.com/reader.

BY ORDER OF THE BOARD

Caroline Chang
Company Secretary

Singapore, 23 March 2011

Notes:
1. A member is entitled to appoint one proxy or two proxies to attend and vote in his place. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the registered office of the Company at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, not less than 48 hours before the time appointed for holding the annual general meeting.

2. Detailed information about these directors can be found in the "Board of Directors" and "Directors and Key Executives" sections of the Company's Annual Report. Mr Tony Chew Leong-Chee will upon re-election continue to serve as Chairman of the Nominating Committee and member of the Audit Committee. Mr Tow Heng Tan will upon re-election continue to serve as member of the Remuneration, Nominating and Board Risk Committees. Mr Tan Ek Kia will upon re-election continue to serve as member of the Nominating and Board Safety Committees. Mr Danny Teoh will upon re-election continue to serve as member of the Audit and Remuneration Committees. Mr Sven Bang Ullring will upon re-election continue to serve as Chairman of the Board Safety Committee and member of Remuneration and Nominating Committees. Except for Mr Tow Heng Tan who is considered a non-independent non-executive director, these directors are considered by the Nominating Committee to be independent directors.

3 The proposed award of Remuneration Shares to the non-executive directors forms part of the ordinary remuneration of the non-executive directors for the financial year ended 31 December 2010, and is in addition to the proposed directors' fees in cash mentioned in this Resolution 9. The Remuneration Shares to be awarded to the non-executive directors will rank *pari passu* with the then existing issued Shares at the time of the award. Subject to Shareholders' approval, Dr Lee Boon Yang will be awarded 10,000 Shares as part of his ordinary remuneration as non-executive Chairman for the financial year ended 31 December 2010. The non-executive directors who have served for the full financial year will each be awarded 3,000 Shares as part of their remuneration. Mr Tan Ek Kia and Mr Danny Teoh will each, subject to Shareholders' approval, be awarded 750 Shares as part of their respective remuneration for serving as non-executive director from 1 October 2010 to 31 December 2010. The Chairman and the non-executive directors will abstain from voting, and will procure their respective associates to abstain from voting, in respect of this Resolution 9.

4. Resolution 11 is to empower the directors from the date of the annual general meeting until the date of the next annual general meeting to issue further Shares and Instruments in the Company, up to a number not exceeding 50 per cent. of the total number of Shares (excluding treasury Shares) (with a sub-limit of 5 per cent. of the total number of Shares (excluding treasury Shares) in respect of Shares to be issued other than on a *pro rata* basis to shareholders). The 5 per cent. sub-limit for non-*pro rata* issues is lower than the 20 per cent. sub-limit allowed under the Listing Manual of the SGX-ST and the Articles of Association of the Company. Of the 5 per cent. sub-limit, in relation to the Company's Restricted Share Plan and Performance Share Plan (collectively, the "Share Plans"), the Company shall not award shares ("Awards") under the Share Plans exceeding in aggregate 2 per cent. of the total number of issued shares in the capital of the Company ("Yearly Limit"). However, if the Yearly Limit is not fully utilised in any given year, the balance of the unutilised Yearly Limit may be used by the Company to make grants of Awards in subsequent years. For the purpose of determining the total number of Shares (excluding treasury Shares) that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury Shares) at the time that Resolution 11 is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 11 is passed, and any subsequent bonus issue, consolidation or sub-division of Shares.

5. Resolution 12 relates to the renewal of the Share Purchase Mandate which was originally approved by Shareholders on 18 February 2000 and was last renewed at the annual general meeting of the Company on 23 April 2010. However, at this annual general meeting, the Company is seeking a lower "Maximum Limit" of 5 per cent. of the total number of issued Shares, which is lower than the 10 per cent. Maximum Limit allowed under the Companies Act. Please refer to Appendix 1 to this Notice of Annual General Meeting for further details.

6. Resolution 13 relates to the renewal of a mandate given by Shareholders on 22 May 2003 allowing the Company, its subsidiaries and target associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual of the SGX-ST. Please refer to Appendix 2 to this Notice of Annual General Meeting for details.

Corporate Information

Board of Directors

Lee Boon Yang (Chairman)
Lim Hock San (Deputy Chairman)
Choo Chiau Beng (Chief Executive Officer)
Sven Bang Ullring
Tony Chew Leong-Chee
Oon Kum Loon (Mrs)
Tow Heng Tan
Alvin Yeo Khirn Hai
Tan Ek Kia
Danny Teoh
Teo Soon Hoe
Tong Chong Heong

Audit Committee

Lim Hock San (Chairman)
Tony Chew Leong-Chee
Oon Kum Loon (Mrs)
Alvin Yeo Khirn Hai
Danny Teoh

Remuneration Committee

Lim Hock San (Chairman)
Lee Boon Yang
Sven Bang Ullring
Oon Kum Loon (Mrs)
Tow Heng Tan
Danny Teoh

Nominating Committee

Tony Chew Leong-Chee (Chairman)
Lee Boon Yang
Sven Bang Ullring
Tow Heng Tan
Tan Ek Kia

Board Risk Committee

Oon Kum Loon (Mrs) (Chairman)
Lim Hock San
Tow Heng Tan
Alvin Yeo Khirn Hai

Board Safety Committee

Sven Bang Ullring (Chairman)
Lee Boon Yang
Choo Chiau Beng
Tan Ek Kia

Company Secretary

Caroline Chang

Registered Office

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Email: keppelgroup@kepcorp.com
Website: www.kepcorp.com

Share Registrar

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

Auditors

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants
Singapore
Audit Partner: Chaly Mah Chee Kheong
Year appointed: 2006

Financial Calendar

FY 2010

Financial year-end	31 December 2010
Announcement of 2010 1Q results	22 April 2010
Announcement of 2010 2Q results	22 July 2010
Announcement of 2010 3Q results	21 October 2010
Announcement of 2010 full year results	25 January 2011
Despatch of Summary Financial Report to Shareholders	23 March 2011
Despatch of Annual Report to Shareholders	6 April 2011
Annual General Meeting	21 April 2011
2010 Proposed final dividend	
Books closure date	5.00 p.m., 28 April 2011
Payment date	10 May 2011
Proposed Bonus Issue	
Books closure date	5.00 p.m., 28 April 2011

FY 2011

Financial year-end	31 December 2011
Announcement of 2011 1Q results	April 2011
Announcement of 2011 2Q results	July 2011
Announcement of 2011 3Q results	October 2011
Announcement of 2011 full year results	January 2012

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Edited and Compiled by
Group Corporate Communications, Keppel Corporation

Designed by
greymatter williams and phoa (asia)

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(Incorporated in the Republic of Singapore)

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